

**EFFECT OF STRATEGIC MANAGEMENT PRACTICES
ON THE PERFORMANCE OF CORPORATE SOCIAL
RESPONSIBILITY OF STATE PARASTATALS IN KENYA**

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**Effect of Strategic Management Practices on the Performance of
Corporate Social Responsibility of State Parastatals in Kenya**

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DECLARATION

This thesis is my own original work and has not been presented for a degree in any other university.

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This thesis has been submitted for examination with our approval as University Supervisors.

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DEDICATION

This thesis is dedicated to my dear wife Judith, sons Bryson and Wesley, daughters Ivy and Olive, and ultimately loving dad and mum Mr. and Mrs. Danny Sasaka. I owe them great debt of gratitude and may God bless them abundantly.

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ABBREVIATIONS & ACRONYMS

ANOVA	Analysis Of Variance
CEO	Chief Executive Officer
COYA	Company of the Year Award
CSR	Corporate Social Responsibility
GAO	General Accounting Office
HoD	Head of Department
ISO	International Standards Organization
KEBS	Kenya Bureau of Standards
KIM	Kenya Institute of Management
MAR	Missing At Random
MCAR	Missing Completely At Random
MNAR	Missing Not At Random
NHIF	National Hospital Insurance Fund
NSE	Nairobi Stock Exchange
OPI	Organizational Performance Index
PERFCSR	Performance of Corporate Social Responsibility
RBV	Resource Based View

SARFIT	Structural Adaptation to Regain Fit
SCP	Strategic Competitive practice
SCGP	Strategic Corporate Governance Practice
SMEs	Small Medium Enterprises
SMP	Strategic Management Practices
SPP	Strategic Planning Practice
SPSS	Statistical Package for Social Sciences
STQMP	Strategic Total Quality Management Practice
USA	United States of America

DEFINITION OF TERMS

Centralization Planning Process	This is the planning responsibility of management levels depending on the needs of the organization, mainly determined by the nature of the environment (Oyedijo, 2004).
Corporate Social Responsibility	This is a commitment to improve societal well being through discretionary business practices and contributions of corporate resources as well as actions that enhance a firm's competitiveness and reputation (Du, Bhattacharya, & Sen, 2010).
Performance of Corporate Social Responsibility	This is the organizations' obligations, initiatives and practices sensitive to the need of all its stakeholders, and all those parties involved that have something at stake or those influenced by the organizations' action (Stainer, 2006).
Cronbach's alpha	This is a measure of reliability that ranges from 0 to 1, with a value of 0.70 often judged to be the lower limit of acceptability (Masilamani & Aris, 2009).
Discretionary responsibility	This is business deeds that are not mandatory but are anticipated by stakeholders as an evidence of good citizenship (Galbreath, 2010).
Economic responsibility	This is the production of profits and meeting consumption needs at the same time (Galbreath, 2010).

Ethical responsibility	This is firms' obligation to obey moral rules by defining appropriate behaviors in society (Galbreath, 2010).
External orientation	This is relevant and social factors outside the boundaries of the organization or specific decision unit that are taken directly into consideration (Adeleke, Ogundele, & Oyenuga, 2008).
Functional integration	This is the extent of coverage given to different functional areas with a view to integrating different functional requirements into a strategic management perspective (O'Regan & Ghobadian, 2002).
Internal orientation	This is the relevant physical and social factors within the boundaries of the organization or specific decision unit that are taken directly into consideration in the decision making behavior of individuals in the system (Adeleke, Ogundele, & Oyenuga, 2008).
Legal responsibility	This is firms' obligation of fulfilling their economic operations and mission within a legal framework (Galbreath, 2010).
Planning formality	This is the process for determining the firm's long-range objectives, generating and evaluating alternative strategies, as well as monitoring the outcomes of the plan when executed (Aluko, Odugbesam, Gbadamosi, & Osuagwu, 2004).
Stakeholders	These are parties whose interests are linked with the

firms such as shareholders, employees, investors, suppliers, customers, government, communities and natural environment (O'shannassy, 2003).

Strategic competitive practice

This is a situation where firms implement a value creating strategy that cannot be implemented at the same time by any potential competitors and also other firms are unable to duplicate the benefits of that strategy (Ruzita & Parnell, 2008).

Strategic corporate governance practice

This is a system whereby firms are directed, controlled and the control will involve the ideas of compliance, accountability and transparency and how managers utilize their functions through compliance with the existing laws, regulations and codes of conduct (MacMillan, Money, Downing, & Hillenbrand, 2004).

Strategic management

This is the process whereby managers establish a firm's long term direction, set specific performance objectives, develop strategies to achieve these objectives in line with all relevant internal and external circumstances (Thompson & Strickland, 2003).

Strategic Planning practice

This is a comprehensive and systematic approach used to develop a firm's overall direction which facilitates the management in determining right and proper strategic path for the firm as a whole (Elbanna, 2010).

Strategic total quality

This is the management system consisting of values,

management practice	methodologies and tools aimed at satisfying and exceeding the needs and expectations of the stakeholders with a reduced amount of resources (Bergman & Klefsjo, 2003).
Validity	This is an indication of the extent to which an instrument measures what we think it is supposed to be measuring and also measures the truth or accuracy of a research instrument (Beaglehole, Bonita, & Kjellstrom, 2006).
P-value	A measure of how significant the sample results are; the smallest value of α for which H_0 can be rejected (Sekaran, 2009).
Strategic management practices	This is an analysis, decision and actions parastatals undertake in order to create and sustain competitive advantage (Dess, Lumpkin & Eisner, 2007).
Strategy	This is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage(Hitt, Ireland & Hiskisson, 2003)

ABSTRACT

The purpose of this study was to investigate the effect of strategic management practices on the performance of Corporate Social Responsibility of State Parastatals in Kenya. Four specific objectives formed the basis of study and these were: to examine the effect of strategic competitive practice, strategic corporate governance practice, strategic planning practice and strategic total quality management practice on the performance of corporate social responsibility of State Parastatals in Kenya. The theories included: theory of competitive advantage, strategic fit theory, resource dependency theory and stakeholder theory. The target population was 187 State Parastatals operating in Kenya as at 9th October, 2013. However, the respondents were randomly selected through multi-stage sampling technique from amongst the 109 State Parastatals in Kenya and the sample size was 85 State Parastatals. Quantitative research design was adopted for the study. The questionnaire was used as the data collection instrument. Hence the distribution of questionnaires to two top managers produced 170 respondents. Data analysis and interpretation was based on descriptive statistics and measures of dispersion as well as inferential statistics mainly regression analysis, Pearson correlation, factor analysis, and Analysis of Variance. The findings of the study show that Strategic Competitive Practice, Strategic Corporate Governance Practice, Strategic Planning Practice and Strategic Total Quality Management Practice have a significant effect on performance of corporate social responsibility. The regression coefficients for Strategic Competitive Practice was positively and significantly different from zero ($t = 5.416$, $p\text{-value} = 0.045$ and $t = 1.975$, $p\text{-value} = 0.050$). The regression coefficients for Strategic Corporate Governance Practice were negative ($\text{Beta} = -0.149$ and $\text{Beta} = -0.367$) and thus were significantly different from zero ($t = -2.011$, $p\text{-value} = 0.046$ and $t = -3.918$, $p\text{-value} = 0.000$). The coefficients for Strategic Planning Practice was both negative and moderate but the standard t-tests were significant ($t = -3.296$, $p\text{-value} = 0.001$ and $t = -2.564$, $p\text{-value} = 0.011$). Strategic Total Quality Management Practice was positive as hypothesized and the coefficients were significantly different from zero ($t = 9.407$, $p\text{-value} = 0.000$ and $t = 6.871$, $p\text{-value} = 0.000$). Therefore, the hypotheses for the two of the theoretical variables (Strategic Competitive Practice and Strategic Total Quality Management Practice) are supported by the data while the effect of Strategic Corporate Governance Practice and Strategic Planning Practice was negative. The study concludes that to enhance performance of corporate social responsibility, these strategic management practices need to be adopted. Therefore, from the findings the study concludes that the greater the adoption of strategic management practices in the parastatals, the greater would their effect on performance of Corporate Social Responsibility be. The study recommends that State Parastatals in Kenya should consider performance of corporate social responsibility as a new governance approach. Additionally, the study recommends that performance of corporate social responsibility should be formally and informally planned for in parastatals. The study provides assistance to policy makers on coming up with clear policies on improving performance of Corporate Social Responsibility of parastatals.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The background of this study outlines the performance of Corporate Social Responsibility from global perspective, African and Kenyan contexts respectively. The contents of the sub-section are expounded as follows:

1.1.1 Performance of CSR from Global Perspective

Porter and Kramer (2006) report various incidents in the mid-1990s which reflect how the public seriously considered performance of CSR and wondered if the academic literature has decisively proven the importance of CSR or not. For instance, Nike encountered a serious consumer boycott when New York Times and other media outlets highlighted abusive labor practices in some of its Indonesian suppliers in the start of 1990s. When Shell oil made a decision to sink the Brent spar which was an obsolete oil rig in the North Sea, this brought about Greenpeace protests in 1995 and to the international headlines. Pharmaceutical companies have also realized that they need to respond to the AIDS pandemic in Africa as much as it is outside their primary product lines and market.

Similarly, fast food and packaged food companies are being held accountable for obesity and poor nutrition. This has led to performance of CSR to be generally regarded in the form of public relations or a media campaign. It is further reported that in 2005, out of 250 largest Multinational Corporations, only 64% published performance of CSR either in their annual report or in separate sustainability reports. However, these publications hardly provided a coherent framework for performance of CSR, leave alone a strategic one. Porter and Kramer (2006) note that these reports list uncoordinated initiatives to exhibit a company's social activity. Foote, Gaffney and Evans (2010) argue that currently the performance of CSR as an academic field is a wide-ranging research area

and the quality of research has increased and touches on each and every face of business theory. The field of performance of CSR has been assisted by the news media because scandals such as Enron and WorldCom have generated debates touching on corporate governance and performance of Corporate Social Responsibility in the minds of shareholders, managers and public policy makers.

Parastatals have noticed the transformation of CSR from an irrelevant idea to one of the most widely accepted concepts in the corporate world. Lydenber (2005) narrates that even until the late 1970 CSR was taken as a joke by the investment and business community. However, in the 1990s, the idea of CSR became universally promoted by all governments, corporations, non-governmental organizations and individual consumers. KPMG (2011) highlights that by the end of 1990s, close to 90% of fortune 500 firms embraced CSR as an essential element in their organizational goal as compared to less than half the fortune 500 firms in 1977 which mentioned CSR in their annual reports. Kelly (2009) further observes that the mid 1990s was the watershed years for social responsibility issues when two leading multinational corporations were compelled by ethical market forces to reorient their business attitudes. These cases were illustrative to the forces that had led to companies recognizing the concept of corporate social responsibility. Gunther (2004) observes that the world was changing and Maak (2008) concludes that a new reality of business was emerging. Although there is a noticeable growth of CSR, few experts have noticed that CSR has also been changing internally in meaning (Carroll & Shabana, 2010). The Performance of CSR by corporations in terms of how it related to other firms' goals has been evolving.

Businesses have come under criticism for contributing to major social problems like land, air and water pollution, congestion and unsustainable exploitation of raw materials. Porter and Kramer (2006) narrate that businesses have become aware of the public expectations and struggled to enhance their image as socially responsible institutions and being able to help find and contribute solutions to major social, economic and

environmental issues. There are challenges and concerns on how to apply CSR in strategic management. Maak (2008) argues that performance of CSR is still a vague concept that touches on many different activities and hence needs to be developed. Du, Bhattacharya, and Sen (2010) further note that this problem is attributed by the CSR definitions such as “a commitment to improve societal well-being through discretionary business practices and contributions of corporate resources and actions that enhance a firm’s competitiveness and reputation (Hill, Todd, & Daryl, 2007). Hence, Walls, Berrone, and Phan (2012) observe that studies on strategic management and performance of CSR have looked at CEO duality, CEO compensation and managerial control but less on how CSR is managed operatively. Kang (2009) notes that many sources of today’s pressure on managers in strategic decision making are directly related with social issues rather than traditional strategic management. One such illustration is when the oil company “Royal Dutch shell” in 1995 decided to sink the obsolete oil platform “Brent spar” in the North Sea (Hill, Griffith, and Lim, 2008). Therefore, Carroll and Shabana (2010) conclude that increased risk of social pressure has played a role to the evolution of CSR from being a good-will issue into becoming a strategic management practice which ultimately could be a new challenge to managers and parastatals.

Lee (2008) further notes that there are few studies exploring the driving forces behind performance of CSR but most CSR studies are more interested in corporate financial performance. McWilliams and Siegel (2011) conclude that firms find it challenging and difficult to implement strategic management practices and successfully link them to their performance of CSR. For example, how to achieve performance of CSR through differentiation or how to differentiate a parastatal from its competitors (Carrol & Shaban, 2010). KPMG (2011) also asserts that parastatals find it difficult to operationalize and structure firm level activities to align performance of CSR with strategic management practices. Hence, Porter and Kramer (2006) conclude that performance of CSR cannot create benefits without strategic management alignment. Lusch (2007) recommends that parastatals should plan, organize, manage, implement

and apply performance of CSR in the same way they would apply any other strategic tool aiming at parastatal objectives such as marketing.

1.1.2 Performance of Corporate Social Responsibility in Africa

The literature on performance of CSR in Africa is largely dominated by South Africa, Kenya, Nigeria, Tanzania, Mali, and Zambia (Hamann, Kapelus, Sonnenberg, Mackenzie, & Hollesen, 2005). It is noted that CSR performance varies greatly among countries in Africa with a wide range of CSR activities being carried out through modes of action such as foundations, volunteering and partnerships. Baskin (2006) argues that performance of CSR is assumed to be largely a western concept and is most likely to be found in countries with globally-active companies, democratic political structures and active civil society firms. According to Muthuri and Gilbert (2011), firms that do business with westernized countries are more likely to increase their degree of performance of CSR. There is a myth that performance of CSR in third world countries is completely new and therefore there is a school of thought that multinational Corporations are the ones that introduce performance of CSR in host countries. Muthuri (2012) notes that laws, corruption and poor governance tend to inform the corporate irresponsibility in Africa which influences social, economic and environmental performance of organizations.

Visser and Tolhurst (2010) assert that the definition and understanding of performance of CSR is protested with the assumption that the idea is a western-imposed phenomenon. It is noted that the performance of CSR of firms in Africa include poverty reduction, community development, education and training economic and enterprise development, health and HIV/AIDS, environment, sports, human rights, corruption, governance and accountability. Muthuri (2012) notes that both internal drivers and external drivers shape the institutionalization of performance of CSR such as self-regulation, governmental regulation (compliance with the laws e.g. NEMA) and civil/social regulation (NGO activism). Muthuri further reports that: 1) institutional pressures e.g. accountability and

stakeholder expectations.2) market access and organizational factors such as competitive advantages and firms performances; and 3) regulation, all shape the focus of performance of CSR. Hence, regulatory, social and cultural factors shape performance of CSR in Africa.

Schmidheiny (2006) asserts that CSR performance is regarded as the hope for positive change in the face of persistent poverty, environmental degradation, corruption and economic stagnation. Amaeshi, Adi, Ogbechie and Olufemi (2006) established that CSR performance in Africa was underpinned by socio-cultural influences such as communalism, ethnic religious beliefs and charitable traditions. Similarly, CSR performance in Africa cannot be separated from the social-political reform process which forces business behavior in the direction of integrating social and ethical issues (De Oliveira, 2006).

Amaeshi *et.al.*, (2006) argue that CSR performance in Africa is categorically aimed at considering the socio-economic development challenges of the country such as poverty alleviation, health-care provision, infrastructure development and education. According to Blowfield and Frynas (2005) CSR performance is a form of governance or a response to governance challenges left by weak and corrupt governments that are unable to fully provide several social services such as housing, roads, electricity, health care and education. Hamann, Kapelus, Sonnenberg, Mackenzie and Hollesen (2005) also argue that CSR performance is an inadequate response to governance gaps and therefore involvement in moving local governance towards accountability and inclusiveness is necessary. It is also noted that various kinds of crises in Africa have precipitated CSR performance. According to Dunfee (2006) catastrophic events with immediate effect such as climate change, HIV/AIDS and industrial accidents have elicited CSR responses of philanthropic kind. These kinds of crises create pressure for performance of CSR. Baskin (2006) notes that competitive advantage is a key driver for CSR performance where firms try to access markets in other countries. Hence, performance of CSR can be used as a partnership approach to creating new markets. It is further noted that CSR

codes and standards are becoming key drivers for CSR performance in Africa. There is a growing adoption rate of ISO 14001 by organizations (Baskin. 2006). Performance of CSR is being driven by standardization to achieve global consistency.

Additionally, it is noted that in the absence of strong governmental controls over the social, ethical and environmental performance of firms in Africa, activism by stakeholder groups become an enabler of CSR performance (Lund-Thomsen, 2004). According to Jenkins (2005) four stakeholder groups are recognized as the activists for CSR performance such as development agencies, trade unions, international NGOs and business associations. Vivarta and Canela (2006) add that the media has also emerged as a strong stakeholder for catalyzing performance of CSR in Africa. Therefore, these groups provide new means for people to hold organizations accountable, hence democratizing the economy directly.

Suza (2005) suggests that CSR is when an organization strikes a balance between profitability and contributions to the societies in which they operate and being obligated to meet the expectations of stakeholders who were the source of the legitimacy of the organization. In other words, this suggested an organization keenly kept a check on the so called 3Ps, that was, planet, people and profits so that at every level there was a clear trade off not to act to the detriment of one of the Ps. Maimunah (2009) argues that CSR involved working in partnership with local communities, socially sensitive investment, developing relationships with employees, customers and their families and involvement in activities for environmental conservation and sustainability. Nejati and Amran (2009) concur that to remain competitive, businesses needed to be able to adapt to new demands from the market and the society in which they operated. Socially responsible organizations considered the full scope of their impact on communities, society and the environment when making decisions, balancing the needs of stakeholders with their objective of growth and profit making. Rizk, Dixon, and Woodhead (2008) conclude that CSR was the process of communicating the social and environmental effects of

organizations' economic actions to particular interest groups within society and to society at large.

For effective performance of CSR, a firm was quick and flexible in response to stakeholders' needs and also saw the importance of management in terms of services to customers. The CEOs ensured that the parastatals kept in touch with the external environment because parastatals comprised of a nation's economic development. Globalization had made parastatals to undergo a number of changes in their operations and these changes had come with growth, but to cope with these changes, modern management practices had to be used in contemporary parastatals' environment. Strategic management practices and performance of CSR were such techniques. Money and Gardiner (2005) argue that it was not what a business made or did that mattered, but how it was perceived. Business reputation played an important role in a firm's success since it gave a firm a new lease of life to operate in the community and ensured long term survival besides the financial stability. Flatt and Kowalczyk (2006) conclude that a firm's reputation was an intangible asset that firms used to create a competitive advantage by comparing themselves with others. Enz (2008) affirms that most parastatals did not necessarily engage in performance of CSR out of necessity, but because of the global competition, legal complex, modern environment, organizational culture, corporate governance practice, customer relationship management practice, total quality management practice and strategic planning practice for their survival.

Waddock, Bodwell, and Graves (2002) further assert that parastatals engaged in performance of CSR when they had a strong financial performance which arose from socially and environmentally responsible investment that enhanced competitive edge. In the same light, UNIDO (2002) observe that performance of CSR have become increasingly important because of : globalization and the growth in competition, increased size and influence of companies, retrenchment or repositioning of government and its roles; war for talent i.e. companies competing for expertise; growth of global civil society activism and increased importance of tangible assets.

1.1.3 Context for Performance of Corporate Social Responsibility in Kenya

Parastatals in Kenya are facing a rapidly changing market. New technologies, economic uncertainties, fierce competition and more demanding customers have brought about unprecedented set of challenges (McGahan, 2004). Globalization and the technological revolution have created new economic expansion opportunities for parastatals. Parastatals are now entering world markets to increase sales and profits. Performance of CSR has become a critical issue for today's parastatal. The latest business model emphasizes the social and environmental effects unlike the traditional one which was basically stressing the economic aspects of parastatals' activities such as profitability and growth.

Of late there have been scandals in the parastatals and this has put customers' trust on the headline and hence exponential growth in the interest of performance of CSR (Klein & Dawar, 2004). Besides, recent corporate scandals have put parastatals in the frontline. According to Fortune magazine (2006), Enron was recognized as an extraordinary and unique business for six years, however, it was not until 2001 when one of the biggest corporate scandals emerged. Similarly, Nike the largest shoe and Apparel Company in the world was also brought into the limelight for its questionable employment practice, low wages, poor working conditions and human rights violations. Today, it is nearly impossible to switch on the television or read the newspaper without being confronted with yet a new corporate scandal. Currently, behavior that is not ethical in a parastatal cannot hide in the darkness awaiting an investigation to be carried out but is instantly communicated to the world through internet and media broadcast. Corporate scandals are hence nothing new.

In Kenya, democratization, liberalization and privatization have changed the role of business in the direction of shouldering much responsibility for social and environmental issues. According to Dolan and Opondo (2005), the literature on CSR performance in Africa is much dominated by Kenya. Kivuitu, Yambayamba, and Fox (2005) report that

Kenya's economy is very diversified and therefore it has had much exposure to the international performance of CSR through issues like labor rights. As much as performance of CSR is attaining great prominence around policy discussions in Kenya, it has not been widely used and is always related with philanthropy. In Kenya, researchers suggest that the areas receiving the highest proportion of corporate support was health and medical provision, education and training, HIV/AIDS, agricultural and food security, underprivileged children; sponsorship of sporting events, culture and arts as well as religious organizations.

Gathii (2008) explains that in the year 2002 the Capital Markets Authority of Kenya gave guidelines on good corporate governance for listed public companies but these guidelines did not mention anything about performance of CSR. On the same note the Central Bank of Kenya also issued prudential guidelines for institutions licensed under the Banking Act but also did not highlight issues on performance of CSR. However, in the recent times, the Kenya Bureau of Standards (KEBs) has teamed up with other agencies to draft the guidelines on performance of CSR. These guidelines along with ISO standards adopted by various companies can be used to measure performance of CSR.

Similarly, the Kenya Institute of Management (KIM) have come up with a new model of assessing management practices in companies and called it Organizational Performance Index (OPI). This index has since been used to assess and rank organizations that participated in the Company of the Year Award (COYA). The OPI serve as a mirror through which leaders in participating organizations study their state of affairs on crucial matters such as performance of CSR, leadership, HR management, customer orientation, innovation, and productivity, among others (Wamari, 2013). This model encourages parastatals to undertake performance of CSR. Pearce and Robinson (2003) assert that strategic management involved formulating, implementing and evaluating cross-functional decisions that facilitated an organization to achieve its objectives. However, Beaver (2007) observes that up to today, the strategy studies were

concentrated on private firms only leaving out the parastatals but strategic management practices were important both for private and public sector firms. It is further added that parastatals added value to business and innovation development. But in spite of all these contributions and value, strategic management practices' importance to parastatals has not been registered.

McGahan (2004) suggests that strategic management practices studies in parastatals deserve to be given a key consideration since parastatals face major challenges. Nag, Hambrick and Chen (2008) observe that studies on strategic management practices in parastatals are scarce. Therefore, going by this suggestion, it was important to focus this study on the strategic management practices in parastatals so as to enable them survive and overcome the challenges. Bichta (2003) observes that performance of CSR was determined by both internal and external factors and these factors included economic considerations, culture of the parastatals' CEO and employees, ethical influences, compliance with legal requirements, technological influences and national culture. It was also noted that skills possessed by CSR managers determined performance of CSR. It is in this light that Lyon and Maxwell (2004) argue that institutional pressures have induced parastatals to make socially oriented changes in environmental behaviors and in parastatal-community relations. The changes in social and political environment in which parastatals operated forced them to engage in performance of CSR. Parastatals were sensitive to the changing rules of the game in society and made behavioral adjustments visa-vis society in order to maintain a stable relationship with the society.

Strategic management practices are anchored on the understanding that parastatals continually monitored internal and external events so as to make required changes needed.

Therefore, Powers and Hahn (2004) highlight that parastatals could use the skills and resources contained in competitive strategy through strategic management practices to embrace the performance of CSR. Studies on strategic management have established that strategic management practices were keen with establishing a strategy and planning how to implement that strategy. Porter and Kramer (2011) similarly argue that performance of CSR could be achieved in a competitive industry by using generic strategies. McWilliams *et. al.*, (2006) note that strategic planning was one of strategic management practices that parastatals could use to address stakeholders by assessing their expectations through performance of CSR. This was because it was only through analyzing the environment that parastatals were able to account for issues of government regulations, social nature, communities and societies and developed proper responses through performance of CSR (Harrison, Bosse, & Phillips, 2010).

Similarly, Beltratti (2005) explains further that corporate governance was a strategic management practice that was important in shaping performance of CSR. Parastatals have recently widened the basis of their performance evaluation from the mere financial focus to long term social, environmental and economic effects and value addition (Gadenne, Kennedy, & McKeiver, 2009)). It was also reported that customer loyalty was of key interest by most parastatals. According to Lusch (2007) most parastatals were forced to keep their market share by concentrating on customer retention in a more competitive market. Thakur, Sumey, and Balasubramanian(2006) explain further that parastatals found it more beneficial to distinguish between those customers who engaged in transactions and those customers who pursued relationships through performance of CSR. Total quality management practice is similarly a management innovation that has been implemented in parastatals (Barkhi & Daghfous, 2009). The TQM practices and CSR had levels of overlap and therefore when the TQM practice penetrates into parastatals; it acts like a catalyst for developing performance of CSR in the sector (McAdam & Leonard, 2003).

Managers and executives of parastatals have captured the concept of CSR but the links between performance of CSR and strategic management practices had seen little or no empirical verification in Kenya. Ellis (2010) argues that a corporation's improvement in investors' trust, new market opportunities and positive reactions of capital markets could only be realized through involvement in performance of CSR by continuously monitoring internal and external events and trends so that the required changes could be made as needed. Parastatals must be able to identify and adapt to change. The purpose to adapt to change therefore made parastatals to identify the strategies to pursue (Aluko, Odugbesam, Gbadamosi, & Osuagwu, 2004).

However, as the parastatals increased their adoption of performance of CSR, managers were under pressure to justify the allocation of scarce firms' resources and also provide accurate measurement of performance of CSR. On the same note, as different firms continued embracing performance of CSR through various activities, there was little guidance on how firms should do this and integrates performance of CSR in strategic manner and what form of performance of CSR should be undertaken in the parastatals. Husted and De Jesus Salazar (2006) explain that firms are now embracing performance of CSR ranging from preventing harmful emission in an environment to donating money to a needy cause. Joyner and Payne (2002) further explain that firms focused on performance of CSR through various activities ranging from ad-hoc and reactive programs to more proactive and strategic benefit to the firm. However, parastatals lacked strategic management practices and ability to select CSR projects (Beaver, 2007). As the performance of CSR was accelerated by parastatals, scholars and practitioners asked themselves what constituted the best strategic management practices.

Pearce and Robinson (2008) recommend that there was an increasing support of a wider and more inclusive concept of strategic management practices that extended to performance of CSR. It was noted that CSR and corporate governance played a major role in financial markets, but the effect of corporate governance on performance of CSR had not been well examined and documented. In the studies done by Barnea and Rubin

(2010); and, Cespa and Cestone (2007) on CSR engagement, several competing hypotheses were proposed. But as much as these discussions about performance of CSR emerged, the parastatals' engagement in CSR was still a topical subject with disagreement about what influenced it. Therefore, in this study the researcher examined the relationship between performance of CSR and strategic management practices by exploring the effects of various strategic management practices on parastatals' performance of CSR. Strategy was looked at as a detailed plan for parastatals in achieving success and CEOs employed strategy to achieve outcomes. Strategic management practices and performance of CSR in parastatals move together, however, most parastatals place little emphasis on embracing appropriate strategy for improved performance of CSR. Hence, there was need to focus this study on what shaped a CSR and examined the effect of strategic management practices on the performance of CSR of parastatals. The study also sought to provide how strategy was used for improved performance of CSR.

1.1.4 Profile of State Parastatals in Kenya

Parastatals in Kenya are some of the major contributors to the national economy although they have been blamed for poor performance (Mwaura, 2007). However since their first establishment in Kenya they have been complementing the private sector in areas such as exports, transport as well as Agriculture (Muthaura, 2010). The government of Kenya has been trying to improve the performance of Parastatals through various efforts such as the formation of the parastatals advisory committee in 1979 and the development of various sessional papers and policies geared towards improvement of the performance of the public sector (Republic of Kenya, 2006).

Parastatals restructuring has been taking place in order to get better performance and service delivery and these efforts have been motivated by the fact that the state parastatals have been underperforming and the public have demanded for better service delivery (Lankeu & Maket, 2012). This has made the government to re-engineer the

general public sector by coming up with programs such as New Public Management (NPM). The NPM is a plan of bringing up a performance-oriented culture through which public organizations can operate to increase efficiency and effectiveness (Republic of Kenya, 2004). It is projected to better serve the needs of both government and the citizenry with improved delivery of public services so as to trim down poverty, improve livelihoods, and uphold good governance (Republic of Kenya, 2013).

Commercial State Parastatals make good profits and pay dividends to treasury while other self-financing State Parastatals i.e. the regulatory agencies manage to generate funds at fairly sustainable levels. State Parastatals are a diverse bunch. They range from organizations that perform core government functions such as KRA to purely commercial enterprises which operate in competitive markets such as the government ailing sugar mills. They come in all shapes and sizes, are in all spheres of government and have been established at different points in time to serve a specific purpose. Muindi (2012) highlights that Co-operative bank of Kenya have invested heavily on community development programs. These programs include the provision of subsidized consultancy services to community institutions that included Co-operative unions and Sacco's provision of subsidized credit facilities for various sectors that have a high impact on poverty alleviation and economic empowerment, and the education scholarship to bright but disadvantaged children across Kenya. Muindi further asserts that the Kenya commercial bank have invested heavily in CSR initiatives to put a human face in their engagement with consumers of their products and services. The KCB foundation has been providing education scholarships to needy but bright students admitted to various secondary schools.

1.2 Statement of the Problem

Many Kenyan parastatals have had their fair share of scandals and these parastatals include; Kenya Farmers' Association, Kenya Planters Co-operative Union, Milling Corporation Industries Ltd and revamped New Kenya Co-operative Creameries Ltd. It

was highlighted by Wanjiru (2014) that efforts to revive the debt-ridden Kenya Farmers' Association in the past had failed, leaving farmers disillusioned and putting in jeopardy a sector that formed the backbone of the Kenyan economy. Ongiri (2013) reports that Kenya Meat Commission was troubled while Miwani and Muhoroni sugar companies were both currently in receivership (Ngirachu, 2013).

Kithinji and Waweru (2007) provide that the banking problems in Kenya commenced as early as 1986 resulting into major bank failures (37 banks went under receivership as at 1998) following the crises of 1986-1989, 1993-1994 and 1998; all these were attributed to governance problems in the context of performance of CSR. The scandals in these parastatals have brought to the fore the issue of the stability, brand image, accountability, trust, ethics and reputation of the parastatals and the role of the government as an effective regulator (Jamali, Safieddine, & Rabbath, 2008). It is observed that performance of CSR has had a lot of value to the corporations in the form of acting as an insurance policy against financial scandals and the drop of investors' confidence. Further, the recent massive corporate failure and scandals have captured the attention of the business community towards the subject of performance of CSR and hence the need for the study.

Therefore, as a result of these corporate scandals and the lack of trust that the parastatals have brought, performance of CSR has become a critical issue for parastatals to engage in. The disappearance of trust has put parastatals under pressure to work on their performance of CSR policies and activities. Social and environmental issues have come into the limelight and parastatals are now considering performance of CSR to make a sustainable paradigm shift. Accountability and transparency are currently critical issues which have made it impossible for parastatals to avoid scrutiny. Hence, parastatals have no choice about whether or not to act responsibly or ethically, but rather how (Smith, 2005).

However, Galbreath (2010) asserts that the conceptual links between strategic management practices and performance of CSR have little or no empirical verification. Similarly, most theoretical and empirical researches that have been done focused the studies only on the relationships between CSR and corporate financial performance (Lee, 2008). The growth of performance of CSR have received a lot of attention from the business, the media and researchers but the reasons for the parastatals' performance of CSR still remain a dilemma. The Kenyan market environment has continued changing and becoming turbulent. Hence to maintain a steady corporate image, state parastatals need to determine and analyze environmental dimensions and establish performance of CSR to mitigate changing market needs.

Reviews of past researches investigated in Kenya on performance of CSR show that the studies assessed other contextual issues that impacted performance of CSR but not strategic management practices. Waiganjo (2013) carried out a study that examined the effect of competitive strategies on the relationship between strategic Human Resource Management and firm performance of Kenya's corporate organizations. Dimba and K'Obonyo (2009) examined the moderating role of employee cultural orientations on the relationship between strategic Human Resource Management practices and firm performance of manufacturing multinational companies in Kenya. Iravo, Namusonge and Karanja (2011) assessed the role of conflict management in organizational performance in Kenya. Uzel, Namusonge and Obwogi (2014) investigated the effect of strategic management drivers on performance of the hotel industry at the Kenya's Coast. Ultimately, research on strategic management practices that determine performance of CSR as well as corporate performance has not been investigated (Galbreath, 2010). It is against this backdrop that this research was undertaken to fill the gap.

1.3 Objectives of the Study

The objectives of this study were both general and specific as follows:

1.3.1 General Objective

The general objective of the study was to investigate the effect of strategic management practices on the performance of corporate social responsibility of State parastatals in Kenya.

1.3.2 Specific Objectives

The study sought to achieve the following specific objectives:

- 1) To examine the effect of strategic competitive practice on the performance of corporate social responsibility of State parastatals in Kenya.
- 2) To evaluate the effect of strategic corporate governance practice on the performance of corporate social responsibility of State parastatals in Kenya.
- 3) To determine the effect of strategic planning practice on the performance of corporate social responsibility of State parastatals in Kenya.
- 4) To assess the effect of strategic total quality management practice on the performance of corporate social responsibility of State parastatals in Kenya.

1.4 Research Hypotheses

The study tested the following null hypotheses:-

- 1) **H₀₁** There is no significant effect of strategic competitive practice on the performance of corporate social responsibility of State parastatals in Kenya.

2) **H₀₂** There is no significant effect of strategic corporate governance practice on the performance of corporate social responsibility of State parastatals in Kenya.

3) **H₀₃** There is no significant effect of Strategic planning practice on the performance of corporate social responsibility of State parastatals in Kenya.

4) **H₀₄** There is no significant effect of strategic total quality management practice on the performance of corporate social responsibility of State parastatals in Kenya.

1.5 Significance of the Study

This section explained the significance of the study with respect to importance and justification of strategic management practices and performance of CSR of State parastatals. The findings of this study could be broadly applicable and beneficial to:

a) Government and Policy Makers.

The government which traditionally played a very important role both in the development of corporate governance and CSR in the country would benefit from this study. In the process of disseminating CSR, the government enterprises could play a noble role by creating a favorable environment for the promotion of socially responsible business practices and similarly for a more active business position of citizens and consumers. The government would use this study's information to take a leading role in formulating the CSR policy.

b) Managers and Consultants

The managers of the parastatals would also benefit because in a more globalized, interconnected and competitive world, the strategic management of environmental, social and corporate governance issues determined the parastatals' overall management quality needed to compete successfully. Parastatals that performed better with regard to strategic management practices could increase shareholder value, for instance, properly managing risks, anticipating regulatory action, and accessing new markets while at the same time contributing to the sustainable development of the societies in which they operated. The study would provide a tool to aid managers in systematically thinking through the major social issues they faced. Managers would make use of strategic management practices to improve their parastatals' performance of CSR at all times.

c) External Stakeholders

The external stakeholders such as the customers, local community, NGOs and society at large would benefit from the study. The social and environmental impacts have tangible financial results for parastatals. When parastatals develop strong relationships with key stakeholders, this could be a source of competitive advantage for them. The stakeholders could force parastatals to consider certain set of social and environmental values, and their behavior could impact the image, reputation and share price of the parastatal.

d) Internal Stakeholders

The internal stakeholders like the employees would benefit because they form part of a stakeholder group and are identified as key drivers for performance of CSR. There is an understanding that to produce long term quality and sustained market leadership and hence generate shareholder returns, parastatals unlock employee motivation.

e) Academicians and Research Institutions

The academicians and research institutions would be provided with a comprehensive framework to understand various thoughts on performance of CSR. The researchers and

practitioners pursuing the subject would get an insight and a basis for future research. The study would provide researchers and research institutions with new avenues of research, which would expand knowledge concerning the performance of CSR.

There was need to carry out this study so as to provide a greater understanding of appropriate performance of CSR framework as well as how CSR initiatives impacted parastatals' performance. Similarly, the study was motivated by the fact that, most if not all, of the existing CSR researches had been conducted within the context of well-established and developed economies, namely USA, Europe and Asia but very few in developing economies. Firms in Africa differed from their western and Asian counterparts in many respects that affected their performance of CSR and firm settings, and hence their impact of CSR practices and its implications on parastatal performance. This study therefore was necessary to contribute to the understanding of performance of CSR in the general context of organizations within African settings and in particular, the Kenyan parastatals. This study was supported by the fact that CSR has increased in popularity in firms due to the perception that performance of CSR have a positive effect on their brand, their reputation and their financial performance (Melo & Garrido-Morgado, 2012). It is also claimed that 70 percent of international CEOs consider CSR as important to firm level profitability (Vogel, 2005).

1.6 Scope of the Study

This was a study on selected parastatals in Kenya. There were 187 State Parastatals as obtained from the Inspectorate of state corporations- office of the president as at 9th October, 2013. However, the study investigated a total of 109 State Parastatals and these excluded the ones earmarked for scrapping, creation and merging by the government. The entire country was evenly distributed with parastatals to run state programs and therefore this research was biased towards parastatals that were operating within the country. Hence, the opinion of samples collected from these parastatals was representative of the parastatals elsewhere in the country. The motivation for selection of

parastatals from Kenya was the fact that the parastatals' Head offices were spread in the entire country and the top CSR strategy decision making officers were based at the Head offices. The scope of this study was chosen due to the parastatals' economic importance, fast growth and social impact to the society. Therefore, the study covered the entire country, Kenya and the strategic management practices the study focused on included the strategic competitive practice, strategic corporate governance practice, strategic planning practice and strategic total quality management practice.

1.7 Limitations of the Study

Some of the respondents had fears that the information they provided could be used against them or bear some adverse effects on the parastatal and therefore they did not wish to participate in the study. However, to remedy this fears, the researcher informed them of the confidentiality of the information they were to give. Similarly, the researcher outlined the procedures that would be used to ensure the information was kept confidential.

In this study, the second limitation was the skepticism and suspicion of the parastatal managers to the researcher. Due to the busy schedule of the managers, the researcher encountered difficulties of accessing them since most of the time the parastatal offices were manned by office secretaries and junior officers. To mitigate this situation, the researcher booked for appointments at the convenience of the parastatal managers and used an introductory letter from Jomo Kenyatta University of Agriculture and Technology and also a research permit from National Commission for Science, Technology and Innovation to facilitate the exercise. The researcher also created good interpersonal skills with the respondents and explained to them the importance of the study and promised them of high confidentiality of information they gave.

The third limitation for this study was related to the longitivity of the questionnaire. The respondents felt that the questionnaire was too long and time consuming when filling

and hence preferred it to be collapsed into three pages only. The researcher overcame this challenge by reducing and administering the questionnaires himself by going through the questionnaires one on one with the respondents and ticking the appropriate answers as desired by the respondents and this in turn took a shorter time.

Another limitation was the delayed response to the questionnaires by some managers and even some lost them in the process. To mitigate this limitation, the researcher frequently provided additional questionnaires. There was also the limitation of the soft copy answering of the questionnaires by the respondents. Some parastatal managers were digitally disadvantaged and had difficulties in answering the questionnaire on soft copy by ticking the appropriate boxes. To overcome this, the researcher advised the respondents to answer the questionnaires not only by ticking but also by either shading or marking by crosses or using any other symbol deemed relevant in the appropriate boxes.

This chapter reviewed the background of the study and highlighted a brief overview of performance of Corporate Social Responsibility from global, African and Kenyan perspectives respectively. The chapter also provided the statement of the problem, study objectives and the significance of the study. The next chapter presents a critical review of both conceptual and empirical literature on the study variables with the target of highlighting research gaps.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter attempted to integrate strategic management practices and performance of Corporate Social Responsibility so as to provide a theoretical and conceptual framework that can be an enabler of competitive advantage. It provides an overview of related literature and further looks at related past studies in this area and the gaps that are there in parastatals in terms of strategic management practices and their CSR performance. The chapter specifically examined the literature on strategic management theories, the conceptual framework, the critique and summary of the existing literature.

2.2 Theoretical Framework

Various theories have been advanced to justify the relationship between strategic management practices and corporate social responsibility performance. These theories explain the benefits of strategic management to various parties ranging from the parastatals to the economy and highlight evidence that this kind of strategic management theories is greatly beneficial to various parastatals. Fox and Bayat (2007) note that a theoretical framework is the application of a set of concepts drawn from one and the same theory to offer an explanation of an event or shed some light on a particular research problem. The theories which advanced this research and enhanced understanding amongst parastatals were: theory of competitive advantage, strategic fit theory, resource dependency theory, and stakeholder theory.

2.2.1 Competitive Advantage Theory

According to Jones and Bartlett (2009), the theory of competitive advantage provides a description for reasons why parastatals carry out CSR projects and this is the effect of

the projects to bring a sustainable competitive advantage. This theory considers the parastatal as having a bundle of various mixed resources and capabilities that might not easily be transferred amongst parastatals and hence this imperfect mobility of resources is competitive advantage of the parastatals. The theory further assumes that parastatals do not have an equal endowment of strategic resources and not perfectly mobile amongst parastatals (Branco & Rodrigues, 2006). Jones and Bartlett (2009) note that there are three categories of resources for a parastatal: physical capital resources like technology, plant and equipment, geographical location, access to raw materials; human capital resources such as training, experience, judgment, intelligence, relationships and insight of managers and workers; and organizational capital resources like reporting structures, formal and informal planning, controlling and coordinating systems, and informal relations internally and externally in a parastatal's environment.

Jones and Bartlett (2009) further observe that a parastatal can only be seen to have a competitive advantage when it has the capacity to utilize a value-creation strategy that cannot be utilized by any potential competitor. Therefore, a parastatal will have a sustainable competitive advantage when its competitors are unable to deploy equivalent resources and gain their benefits to the parastatal. Hence the parastatals use the degree of variation that exists amongst them to gain competitive advantage by making their resources and capabilities valuable, rare, inimitable and non-substitutable through performance of CSR. The competitive advantage theory collectively uses evaluation of internal factors within the parastatal and evaluation of the external factors of the business environment in which the parastatal operates. Jones and Bartlett (2009) argue that parastatals gain competitive advantage when they have performance of CSR that exploit their resource strengths, respond to environmental opportunities and neutralize weaknesses. It is therefore noted that competitive advantage theory establishes a framework from which a parastatal's areas of competitive advantage can be determined and managed as a strategic resource. Branco and Rodrigues (2006) conclude that from competitive advantage theory, performance of CSR should generate a resource for the parastatal that is a source of competitive advantage.

In this theory, Porter (2008) observes that parastatals always have the key objective of maximizing the long term profits and at the same time establishing the sustainable competitive advantage over the other competitors in the external market place. The theory further emphasized that the parastatals' external market positioning was very important for achieving and sustaining competitive advantage and also the industrial-organization perspective offered strategic management a systematic model for analyzing competition within an industry. Other researchers had established a relationship between performance of CSR and competitiveness by evaluating performance of CSR as a risk on key competitive variables such as reputation and image (Carlisle & Faulkner, 2005). It was further concluded by Juholin (2004) that performance of CSR contributes to short-term profits and long-term competitiveness. Fan (2005) highlights that reputation and image generated opportunities for innovation within the parastatals in terms of corporate branding and this in the long-run established corporate reputation, image and identity.

Porter (2008) further argues that competitive advantage facilitates a company to make products that provide more value to the customers than the competitors' rival products and this leads to higher profits for the company. Generally therefore, the major purpose of a strategy adoption was to enable a company gain a sustainable edge over its competitors. Thompson *et. al.*, (2006) were of the view that a company's strategies consisted of competitive moves and business approaches that managers employed to attract and please customers, competed successfully, grew the business, conducted operations and achieved targeted objectives. A company achieved sustainable competitive advantage when an attractive number of buyers preferred its products or services over the offerings of competitors and when the basis of this preference was durable. Porter and Kramer (2006) suggest that competitive advantage could broadly be achieved either through cost leadership, differentiation advantages or focus advantages.

According to Porter and Kramer (2006) cost leadership strategy is an internal orientation that a parastatal use to focus on operating practices, equipment and labor costs that deliver the lowest costs in that industry and hence it is a defender strategy. On the other

hand, Porter (2008) notes that a differentiation strategy allows the products of a parastatal to meet the needs of some customers in the market place better than others. Differentiation strategy creates customer loyalty and price inelasticity which later erected competitive barriers to entry, providing higher margins and reducing the power of buyers who felt they lacked substitute products. This strategy hence required a proactive external orientation. Therefore, Performance of CSR only occurred if a parastatal used a differentiation strategy for new product development and adaptation to (external) demands on quality that required it to be more flexible and therefore this was a prospector strategy.

According to Enz (2008), management of unique skills and assets resulted in superior customer value. Consequently, Wang, Lo, and Hui (2003) argue that increasing competition in a global economy have intensified the importance of identifying the drivers of sustainable competitiveness such as performance of CSR. Parastatals faced an increasingly competitive and globalized environment and also their activities were put under thorough scrutiny. Therefore, performance of CSR was noted as a corporate differentiation that facilitated a competitive advantage for the parastatals to secure investment capital (Noland & Phillips, 2010). On the other hand, Gadenne, Kennedy, and Mackeiver (2009) note that a firm engaged in performance of CSR such as environmental responsibility so as to establish a sustainable competitive advantage through the resources and capabilities established from environmental responsibility programs. The performance of CSR generated a resource for the firm that was a source of competitive advantage. McWilliams and Siegel (2011) explain that performance of CSR was a mechanism of product differentiation and therefore a parastatal invested in CSR because consumers or other stakeholders valued the social attributes of a parastatal or product.

2.2.2 Resource Dependency Theory

Resource dependence theory highlights how the external resources of a parastatal affect the behavior of the parastatals. Pfeffer and Salancik (2003) avail a framework for comprehending the relationship between a parastatal and its environment. A fundamental assumption of this theory is that dependence on essential and critical resources influences the actions of parastatals and that organizational decisions and action can be elaborated depending on the particular dependency situation. Parastatals are unable to produce all the resources they need to operate and hence they must engage in exchanges with the external environment so as to acquire the resources they need to survive. Hence, the theory stresses the importance of looking at the environment in which a parastatal operates when trying to explain behavior and impact (Pfeffer & Salancik, 2003). The survival of most parastatals depends on their ability to attract the resources needed to support their operations.

This theory explains further the usefulness of the environmental linkages of a parastatal and the outside resources which when used effectively could provide the parastatal with its competitive advantage through Performance of CSR (Hull & Rothenberg, 2008). According to Ongore and Kobonyo (2011), more emphasis was put on the skills and other knowledge resources that directors could bring to the parastatals to enhance performance of CSR. Huse (2004) argues that directors served to connect the parastatals with external factors by co-opting the resources needed for performance of CSR. Therefore, boards of directors are an important mechanism for absorbing critical elements of environmental uncertainty into the parastatals' CSR performance. Satrirenjit, Alistair and Martin (2012) narrate further that directors served to link the external resources with the parastatal to reduce the uncertainty since managing effectively with uncertainty was critical for the existence of the parastatals.

Del Baldo (2012) observes that directors brought resources such as information, skills, suppliers, buyers, public policy decision makers, social groups and legitimacy that could

reduce uncertainty and hence enhanced performance of CSR. This theory, therefore, supported the appointment of directors to parastatal boards because of their opportunities to gather information and network in various ways. Del Baldo (2012) in his study on the level of CSR of executive vs. non-executive directors established that the non- executive directors had a higher level of CSR than their executive counterparts. Similarly, Walls, Berrone and Phan (2012) note that non- executive directors were always motivated by what they perceived to be their responsibility towards the parastatal they served as well as society at large. One might therefore sum up that attitudes towards social responsibility might be an influential factor in the motivation of parastatals recruiting new directors who possessed performance of CSR knowledge that the parastatal did not previously have.

2.2.3 Strategic Fit Theory

This theory, also known as best fit strategic management or strategic decision theory, explains that there are no universal prescriptions of strategic management practices. Wright and Snell (2005) argue that the application of strategic management practices depends on the parastatal's context, business strategy and culture. The proponents of this theory further observe that strategic management practices would be more effective only once they are rightfully integrated with specific parastatal and environmental understanding. Strategic fit theory elaborates the significance of making sure that strategic management practices are rightful to the circumstances of the parastatal such as culture, external environment and operational processes. The strategic management practices must consider the specific requirements of both the parastatal and its stakeholders.

The strategic fit theory is also called structural contingency theory which explains the idea that there is no one or single best way to manage organizations but organizations should always establish managerial strategy owing to the situation and condition the organization is experiencing (Donaldson & Luo, 2009). Little (2006) observes that the

environment always posed certain requirements which forced the organization to come up with efficiency and innovation in its operations in order for it to survive and prosper. According to Cutler (2006), this ultimately led the firm's management to adopt a strategy for the firm which somehow reflected the environment and at the same time was part of a managerial statement of the firm's objectives given the comparative advantage of the firm and that was performance of CSR. Donaldson (2006) explains in that theory that when managers made decisions concerning performance of CSR, they always considered all aspects of the existing situation and took action on those aspects that was crucial to the circumstances at hand. It is further argued that the managers took whatever management decision, including performance of CSR, depending on the situation at hand.

The theory further presupposes that the best thing to do at a time depended on the situation. Parastatals adopted organic structures to enhance their performance of CSR in environments characterized by high uncertainty but were less beneficial to parastatals in a highly stable and simple environment which required mechanistic structure. Successful performance of CSR required stable relationships with buyers, suppliers and strategic partners. Aina (2002) concludes that factors which determined variations in management principles and performance of CSR include technology adopted, goals and objectives, history, size, ownership pattern of the parastatal, the environment of the parastatal and the people. It was noted that management situations were not the same and are not universal, but was approached based on the circumstances surrounding it.

Little (2006) argues that the adaptive cycle was called the structural-adaptation-to-regain-fit model (SARFIT) which explained that a firm was always initially in fit, then increased in contingency variable which produced misfit and reduced performance, and then structure was changed adaptively from misfit to a new fit which restored equilibrium and facilitated performance of CSR. Barney and Delwyn (2007) observe that the application of the strategic fit concept helped firms to manage their resources more efficiently so that they could reduce operational costs as well as respond

effectively to environmental threats and new opportunities via performance of CSR. Kotler and Lee (2005) conclude that changes in contingencies gave rise to a set of pressures to which structure is adapted in the long run through performance of CSR. According to Burton *et.al.*, (2006), parastatals needed to get away from the mechanistic to organic structures for them to respond to performance of CSR because of market changes in the environment. Donaldson and Luo (2009) observe in that theory that parastatals moved from their disequilibrium through investing surplus resources from the fit based on higher productivity to improve performance of CSR. Similarly, Klaas, Lauridsen, and Hakonsson (2006) argue that a parastatal in a fit enjoyed higher performance and generated surplus resources which led to expansion and performance of CSR. Hence for parastatals to manage their resources more efficiently, respond to environmental change and take advantage of new opportunities, they must embrace the strategic fit concept through strategic management practices.

2.2.4 Stakeholder Theory

This theory rotates on the issues regarding the stakeholders in a parastatal and it provides that a parastatal should seek to give a balance between the interests of its diverse stakeholders so as to ensure that each interest constituency gets some levels of satisfaction. The stakeholder theory is a theory of firm management and business ethics that explains morals and values in managing parastatals (Bondy *et.al.*, 2011). Stakeholder theory is a mirror image of performance of CSR. This theory explains the parastatal behavior by integrating observed performance of CSR with observed economic performance (Mansell, 2013). Therefore, this theory attempts to explain the relationship of the parastatal to its external environment and its behavior within this environment. Stakeholder theory argues that parastatals need to pay attention to all their stakeholders such as customers and community. This is to say that stakeholder theory is consistent with value maximization or value seeking which means that managers should consider all constituencies that can affect the parastatal (Laplume *et.al.*, 2008). Customers wish for low prices, high quality and expensive service. Suppliers of capital

want low risk and high returns. Communities want high charitable contributions and social expenditures by Parastatals to benefit the community at large. Hence, any decision by the Parastatal has to specify how to make the tradeoffs between these conflicting and inconsistent demands (Johnson, Scholes,& Whitting, 2008).

Robins (2008) argues in this theory that the performance of CSR depends solely on how well are managed associations with major groups such as customers, employees, suppliers and other key community firms with which it cooperates. Each of these groups is seen as a group with some stake in the activities of the parastatal. Therefore, from the perspective of this theory, the work of the manager is to support all the key groups by aligning their differing interests that need to create the parastatal to be a venue where stakeholders' interests can be collectively maximized incrementally. According to Miles (2012) stakeholder theory argues that there are other parties which are important and the parastatal has a binding duty to put their requirements first and to increase value for them besides the owners or shareholders as seen in the traditional view of a parastatal. These other parties include employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, trade unions, and competitors. Therefore, parastatals should give due regard to the interests of these groups which the stakeholder theory lists and describes as being affected by or affect the parastatal's actions.

The stakeholder theory confirms that those external and internal actors whose lives are affected by a parastatal hold a right and obligation to participate in managing it and contribute to corporate decisions. Therefore, the stakeholder theory obligates parastatal directors to appeal to all sides and balance everyone's interests and welfare by maximizing benefits across the divide of those whose lives are touched by the parastatal. The final purpose of the stakeholder theory is to obtain a win-win outcome in a medium to long term perspective (Friedman & Miles, 2006). Hence, stakeholder management entails allocating Parastatal resources in a manner which considers the effect of those allocations on various groups within and outside the parastatal (Mitchell & Cohen, 2006).

In addition, stakeholder theory widens the shareholder model by recognizing the legitimate claim of shareholders, but challenges the notion that shareholders were the only claimants over the interests of other legitimate claimants (Fassim, 2008). Enz (2008) concludes that firms which do not include their primary stakeholders' interests within their performance of CSR challenge their long term survival. Therefore, parastatals should endeavor to obtain profits while at the same time achieving in a good way the legitimate claims of their stakeholders.

Angle (2008) argues that the stakeholder theory does not have an aim of changing the focus of parastatals away from the market place achievements toward human decency but to establish the understanding of business in which these aims and goals are connected and mutually reinforcing. Understanding the interests of stakeholders is very important in parastatal management and therefore government responsiveness to these interests and the interests of society in general are fundamental to service delivery and performance of CSR. Information gathering is critical and must be ongoing to facilitate performance of CSR.

2.3 Conceptual Framework

According to Imenda (2014) a conceptual framework is an end result of bringing together a number of related concepts to explain a given event and also give a wider understanding of the research problem. In this study, small individual concepts of strategic competitive practice, strategic corporate governance practice, strategic planning practice and strategic total quality management practice were joined together to tell a bigger map of their possible significant effect on performance of corporate social responsibility. Strategic management has always been seen as a combination of strategy formulation, implementation and evaluation (David, 2005). According to DuBrin (2006), Strategic management theories originated from the systems perspective, contingency approach and information technology. Bondy, Moon and Matten (2012) observe that majority of the studies investigated performance of CSR from control theory, goal

theory, stewardship theory, stakeholder theory, institutional theory and Resource based theory.

Lindgreen and Swaen (2010) note that some previous studies assessed performance of CSR from normative and ethical perspectives only and therefore excluding most other perspectives. However, since performance of CSR target specific stakeholders' categories (Maak, 2008) and competitive advantage and parastatal performance are connected to performance of CSR (Wood, 2010), this research focuses on theories related to strategic stakeholders. Barney and Delwyn (2007) observe that parastatals that have valuable resources can successfully implement strategic management practices to create competitive advantage and subsequently enhance performance of CSR. Studies of Oyedijo and Akinlabi (2008) in Nigeria found out support for strategic management practices and corporate performance assumption. Therefore, the figure 2.1 a conceptual framework summarizes the relationship among the key variables and identifies the gaps to be filled by this study using: theory of competitive advantage, strategic fit theory, resource dependency theory and stakeholder theory. In conclusion, this study suggests that an efficient and effective strategic management system could increase performance of CSR of parastatals. The conceptual framework in figure 2.1 shows that performance of CSR is affected directly by strategic competitive practice, strategic corporate governance practice, strategic planning practice and strategic total quality management practice. Hence there was no moderating, intervening or mediating variable between strategic management practices and performance of CSR. In order to specifically address the arising research gaps, the next section presents the underlying arguments behind the figure 2.1 conceptual framework below that guides the study.

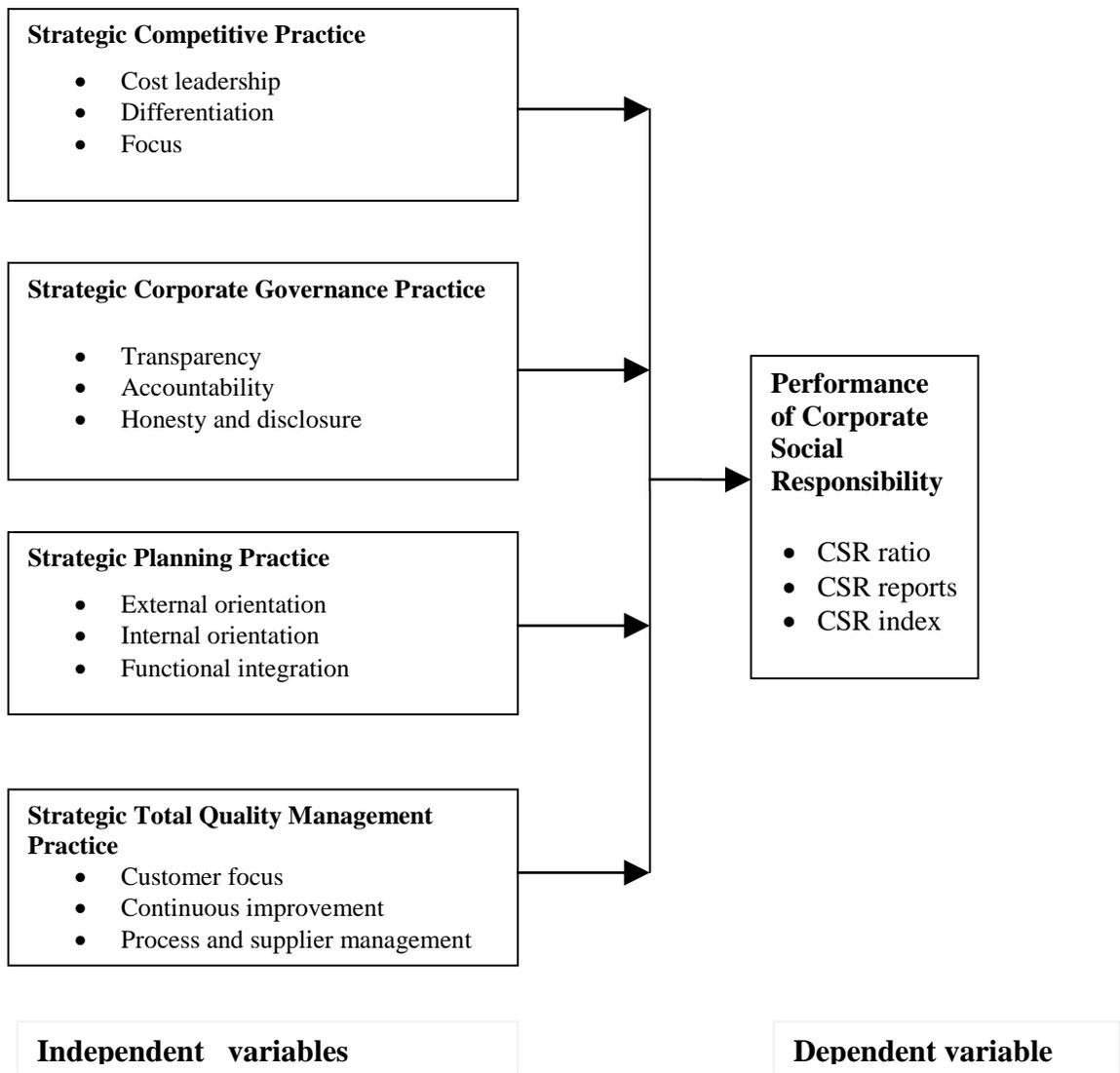


Figure 2.1: Conceptual Framework

The study did not include mediating variables as well as intervening variables because at the stage of theoretical framework development where the testing theory was developed, the intervening/moderating variables were not considered in the model. This is because it was considered to have taken a long time and resources and it was not clear how the intervening variables were expected to change the outcome of the research (Fraser & Galinsky, 2010). MacKinnon and Luecken (2011) explain that additional variables when included in a study require addition of measures to the questionnaire and also a measuring procedure. The researcher could not find existing measures relevant to measuring the mediating variables. In addition such measures could have overburdened the questionnaire.

2.4 Review of Literature on Study Variables

There are various studies that have been investigated by different researchers on strategic management practices. Simba *et.al.*, (2015) evaluated the strategic management determinants of value addition of industrial fish processors in the Sea food processing sub chain in Kenya and used the variables: strategic planning practice, technological competitiveness, market competition and corporate policies. Uzel *et.al.*, (2014) assessed the effect of strategic management drivers on the performance of hotel industry in Kenyan Coast and used the variables: customer relationship management, strategic planning, strategic competitive positioning, Information Communication Technology and organizational learning. In view of bridging the gap, this study reviewed Simba *et.al.*, (2015) and Uzel *et.al.*, (2014) studies and considered; strategic competitive practice, strategic corporate governance practice, strategic planning practice and strategic total quality management practice as the strategic management practices.

2.4.1 Strategic Competitive practice

Porter (2008) identified three major bases of competitive practices: cost leadership, differentiation through product and service, and focus on niche markets. Waiganjo

(2013) argued that synergies between competitive practices and strategic management practices can have positive and significant effect on the performance of CSR of parastatals. The three competitive practices are deemed to be strategic in linking performance of CSR and strategic management practices to the goals of the business and the external environment of the firm.

Parastatals operate under a very competitive environment and their operations are always put under close scrutiny. Boehe and Barin-cruz (2010) observe that the Parastatals could use performance of CSR for their differentiation and hence gain a competitive advantage through securing investment capital. According to McWilliams and Siegel (2011), performance of CSR can act as a form of product differentiation since it fulfills the requirements of some customers for socially responsible products. It is further argued that products can be differentiated by attaching CSR attributes to the product or also using CSR-consistent processes in its production (i.e. process innovation). Therefore, in either of these cases, the parastatals develop a new market for such CSR products or a willingness of the customer to pay a price premium for products with CSR attributes.

Thompson and Thompson (2006) argue that for products that are essential, reputation can act as a means to differentiate a parastatal and its products in the minds of the customers. Hence performance of CSR can facilitate a parastatal to differentiate its products from its competitors and in the final analysis create value by increasing market share or getting a price premium from customers (Lozano, Moxon, & Maas, 2003). Therefore, it appears that performance of CSR is instrumental to differentiate a parastatal's products. Additionally, performance of CSR facilitates the public image of the parastatal to change from being cold and unfriendly to being warm and involved in the community. Similarly, Allen and Helms (2006) observe that when a parastatal uses differentiated customized practices on services or personalized products, it can build its customer loyalty where substitute products or services are unavailable in the market. Therefore, parastatals can offer unique products or services to customers so that they

charge a price premium. Ultimately this enables a parastatal to build entry barriers and reduces buyers bargaining power through customer loyalty and price inelasticity (Porter, 2008). When a parastatal is able to show evidence that it can handle both the needs of its stakeholders and profitability targets, the parastatal's legitimacy and reputation are improved (Carroll & Shabana, 2010). Therefore, Hull and Rothenberg (2008) argue that whereas performance of CSR leads to improved firm performance, strong firm performance can also generate more performance of CSR where slack resources are available.

Finney, Campbell and Powell (2005) provide that a product-innovation differentiation practice facilitates a parastatal to outperform its competitors by putting emphasis on production of creative, up to date and attractive products and also service quality, efficiency, new product development, design innovations, and fashion. Akan, Allen, Helms, and Spralls III (2006) note that marketing differentiation also enables a parastatal to use marketing tools to determine a unique image for its products and services via marketing practices like market segmentation, prestige pricing, branding, advertising and product or service promotion.

Robinson *et.al.*, (2008) observe that a Parastatal that built its performance on cost leadership practice needs to be able to avail its products or services at a cost below what its competitors can obtain and the cost advantage should be sustainable. Hence the parastatals endeavor to produce goods and services cheaper than the competition and the emphasis is minimizing costs at all levels in the process. The parastatals hence pursue to become low cost producer in their industry. If a parastatal can obtain and sustain overall cost leadership, then it becomes an above average performer in its industry provided it can champion prices at or near the industry average (Waiganjo, 2013). It is noted that low cost parastatals usually excel at cost reductions and efficiencies. These parastatals always maximize economies of scale, use cost cutting technologies, and emphasize reductions in overhead and administrative expenses through performance of CSR. Hence, if a parastatal is a low cost leader, it is able to utilize the cost advantage to levy

lower prices. In this kind of situation therefore, the parastatal can effectively defend itself in price wars, engage competitors on price to obtain a share of the market and also benefit from exceptional returns if they are already giants in the industry. The importance of a parastatal's competitive practice to be a low cost leader is to use performance of CSR to support its low cost practice.

Cost leadership practice stresses that a parastatal's competitive advantage can be established when it achieves low cost within its industry (Allen & Helms, 2006). According to Akan *et.al.*, (2006), a parastatal can obtain cost leadership practice by utilizing mass production techniques, obtaining economies of scale, using technology, obtaining mass distribution and effective product design, decreasing input costs, obtaining at-capacity utilization of resources, and having access to raw materials. It is argued that parastatals which focus performance of CSR on activities within the expertise of the parastatal are able to have cost reductions. One of the strategic management questions in the performance of CSR was whether implementing CSR had an effect on parastatal competitiveness (Draper, 2006).

Competitiveness was one of the key drivers for adapting CSR approach (Haigh & Jones, 2006). However, the relationship between CSR and competitiveness was not quite clear (Porter & Kramer, 2006). Gueterbook (2004) observes that embracing performance of CSR contributed to both short term profits and long term competitiveness. Van de ven and Jeurissen (2005) argue that there is a relationship between competitiveness and performance of CSR but the connection is unclear. Lowell (2007) argues that considering performance of CSR by using systems based on tangible performance measurement alone was not enough as it did not take into account the major competitiveness generating resources such as intangible capital in the form of knowledge, relationships, reputations and talent.

Similarly, Ambastha and Monaya (2004) regard competitiveness to include performance in earnings, growth and profitability; quality of products, services and capacity to satisfy

consumer expectations; productivity in terms of higher production and lower use of resources; innovation in products, services and management process; and image in corporate branding, building trust and reputation in relationship with stakeholders.

Parastatals can have performance of CSR through focus practice based on low cost where they concentrate on a narrow customer segment beating the competition on lower cost. In addition, they can have focus practice based on differentiation by offering niche customers a product customized to their needs. The overall objective of these focus practices is to do a better job of serving a niche target market than competitors. Therefore, through performance of CSR, a parastatal is able to choose a niche where customers have a distinctive preference, unique needs or special requirements. Similarly, through performance of CSR, a parastatal can develop a unique ability to serve the needs of a niche target market.

Porter (2008) argues that strategy must not regard competitiveness of a parastatal to be limited to specific and known forces of the market in which the parastatal operated, but competitive forces was looked into in relation to competitive strategies the parastatal uses such as cost leadership, differentiation or focus strategies. Elbanna (2010) observes that parastatals should use strategies that establish solid long term corporate visions and leaving flexibility for the specifics of daily operations to adapt. This was because it was difficult to properly anticipate future events and hence planned resource allocation and actions for long term strategies. Elbanna recommends that parastatals considered building institutional capacities and competencies so that they have the resources to understand, confront and respond to unexpected changes in the market.

Slavik (2010) concludes that performance of CSR was aligned with emergent strategies which developed institutional capacities. Wheen and Hunger (2008) note that integrating performance of CSR in the strategic management process by developing long term goals, improving the understanding of the complexity of a competitive environment, and assisting in the development of capacities and resources to learn and change as a

parastatal, contributed to implement a successful strategy in the parastatals. Fan (2005) notes that the success of a parastatal depended on the relationship with its major stakeholders, understanding of the competitive environment, image and reputation built on transparency, information, communication and reporting practices.

2.4.2 Strategic Corporate Governance Practice

Corporate social Responsibility is used interchangeably with corporate governance and therefore parastatals have exhibited an increasing interest in corporate governance and performance of CSR in the recent past. According to Jamali *et. al.*, (2008) performance of CSR was an extended model of corporate governance and therefore to be successful in performance of CSR, a parastatal was successful in its corporate governance. Therefore, there was an overlap between corporate governance and performance of CSR because both concepts gave importance to the concepts such as accountability, transparency and honesty.

Corporate governance dealt with the internal handling of a parastatal such as general business ethics and proper business guidelines, whereas CSR complemented what corporate governance did by specifically dealing with the stakeholders such as the environment and the public. The corporate governance in parastatals was developed on the framework of balancing the interests of a variety of key groups such as employees, managers, creditors, suppliers, customers and community (Solomon & Solomon, 2004).

Corporate governance affected all activities of the parastatals that either produced goods or provided services (Satrirenjit, Alistair, & Martin, 2012). Parastatals were governed well in order for them to achieve their objectives. Del Baldo (2012) observes that the concept of corporate governance gained prominence because of the stock market crashes in different parts of the world and in the aftermath of failure of some corporations (such as Enron and WorldCom) due to financial scandals which caused the loss of trust in

systems that were in place and therefore it became very difficult for parastatals to ignore their ethical responsibilities and good corporate governance practice.

Adams (2002) notes that for parastatals to run well, managers were to run them while boards were to ensure that parastatals were run effectively and in the right direction. It has been acknowledged by Clarke (2004) that improved corporate governance was critical for the growth and development of the Kenyan economy. Many other studies had revealed that there was links between the performance of the parastatals and the governance practices of their boards (Kiel & Nicholson, 2002). Other studies carried out in the US by Gompers, Ishii, and Metrick (2003) established a strong relationship between good corporate governance practices and shareholder performance. On the same note, the study revealed that two-thirds of investors were prepared to pay more for shares of the companies that had good corporate governance practices. Walls *et. al.*, (2012) note that corporate governance and performance of CSR are increasingly becoming linked together and subsequently this increases the level of internal orientation in respect to CSR matters.

Monks (2002) observes that corporate governance framework included greater use of independent directors, access to outside advice for boards, review of board and executive remuneration and limitations on the power of CEOs. It was noted that corporate governance played a major role in the management of performance of CSR. Parastatals were meant to serve a broader social purpose than just maximizing the wealth of shareholders. Parastatals were social entities that affected the welfare of many stakeholders where stakeholders were groups or individuals that interacted with a parastatal and that affected or was affected by the achievement of the parastatal's objectives (Noland & Phillips, 2010). Ulrich (2008) asserts that stakeholders could be instrumental to a parastatal's success and had moral and legal rights. Therefore, Smith (2005) concludes that when stakeholders got what they wanted from a firm, they returned to the firm for more. It was also purported that the corporate leaders considered

the claims of stakeholders when making decisions and conducted business responsibly towards the stakeholders (White, 2009).

It was noted that corporate scandals were as a result of failure by parastatals to consider stakeholder concerns in decision making (Watkins, 2003). Participation of stakeholders in parastatals decision making could enhance efficiency and reduce conflicts (Berkhout & Rowlands, 2007). Corporate governance structures influenced top level executives in determining and developing strategies related to performance of CSR. White (2009) mentions that good governance consisted of responsibility and due regard to the wishes of all stakeholders and ensuring parastatals were answerable to all stakeholders. Ho (2005) notes further that good corporate governance practices enhanced organizational competitiveness and hence good financial and performance of CSR.

Jamali *et.al.*, (2008) posit that SCGP and performance of CSR are very close to each other because they reflect a parastatal's commitment to its stakeholders and the nature of its interactions with the entire community. In a highly competitive market, competition makes service providers to seek to avail the best service and yet continuous concerns persist regarding the transparency and accountability of these parastatals. How parastatals are utilizing precious tax revenue is of great concern. Braithwaite and Travaglia (2008) opine that boards of parastatals are expected to take part in parastatals auditing, dealing with conflict effectively, managing risk and supporting policies that encourage open disclosure and a customer focused approach. Balding (2005) observes that parastatals that adopt good governance practices are noted to experience a change in culture facilitating transparency, reporting, accountability and continuous learning and improvement. Duckett (2007) concludes that sound governance practice enhances more participation in governance by stakeholders.

According to Meyers (2008), accountability begins with the CEO and boards of directors. They are supposed to set the tone within the parastatal and ensure that everything is put in place. They are responsible for articulating key mission and goals,

putting checks and balances and streamlining various configurations of service provision while at the same time encouraging transparency and accountability. Maier (2005) opines that SCGP provide an assurance to stakeholders that the parastatal manages its effect on society and the environment in a responsible manner. Similarly, Deakin and Whittaker (2007) note that SCGP has a considerable effect on the performance of CSR within the parastatals like employee conditions and ethical issues in regard to managerial, remuneration and employee behavior. Research studies of Branco and Rodrigues (2008) also confirm the likely effect of SCGP on the parastatals' performance of CSR. Branco and Rodrigues established that board diversity was related with stronger inclination towards higher intensity of performance of CSR because board diversity increased board independence.

2.4.3 Strategic Planning Practice

Strategic planning is one such driver that drives parastatals towards proactive CSR through creating awareness of and formulates responses to parastatals' stakeholders, hence enabling CSR. Strategy planning practice according to McWilliams *et. al.*, (2006) is viewed as a critical way that the parastatals use to address the stakeholders to analyze their expectations. Schmidheiny (2006) notes that the anticipation of changes in social trends and values improves business intelligence which is always a critical element for innovation. Therefore, a parastatal should anticipate the social needs by engaging stakeholders effectively and adapt to emerging societal expectations of the poor and preempt the competition in reaching the undeserved segment of the market (Hart & Sharma, 2004). Harrison, Bosse, and Phillips (2010) narrate that firms analyzed the environment which enabled them to account for issues of government regulations, social nature, communities and societies, and hence established the right responses.

Glaister, Dincer, Tatoglu, and Demirbag (2009) observe that Strategic planning practice was the articulation and elaboration of strategies or visions that already existed. Harrington *et. al.*, (2004) conclude that a firm's strategic planning practice guided all

those activities necessary to adapt the environment and also including those associated with performance of CSR. Santos (2011) explains further that formal strategic planning practice enabled the management in establishing right and proper strategic path for parastatals as a whole. Slater, Olson, and Hult(2006) observe that an active and systematic assessment of environmental conditions was very important for actualizing CSR since formal analysis of external and internal environments generated information that enabled top level management taking proactive actions in uncertain environments.

Ghobadian, O'Regan, Thomas, and Liu (2008) argue that by assessing the external environment, some issues of non-market nature related to firms' formal strategic planning practices were found. The issues included behaving socially responsible towards communities and natural environment. O'shannassy (2003) asserts that parastatals always analyzed internal stakeholders in their strategic planning practice. For instance, when parastatals were regularly engaging their employees in strategic discussions as a part of formal planning process, they were likely to develop such strategies and practices that increased the chance of social responsibility of parastatals towards their internal stakeholders (Covin & Miles, 2007).

Decision making on performance of CSR always involves environmental scanning, interpretation and learning. Managers scan the environment by collecting information from the actions of customers, suppliers, competitors and regulators. Therefore, managers use their structures and past experience to make decisions about performance of CSR. Galbreath (2010) argues that when different functions interact with various stakeholders, they get information on the stakeholders' individual needs. Miles, Munilla, and Darroch (2006) concur that since CSR was multifunctional in nature, integration in various functional areas helped formal strategic planning processes to provide the essential knowledge in establishing CSR strategies. Galbreath (2010) further illustrates that the line managers, middle and top level management personnel are very important in collecting, processing and disseminating information on employees, customers and market trends as well as an additional knowledge could be received from

outside consultants and experts to establish strategies that meet CSR. Slater *et. al.*, (2006) note that formal strategic planning practices were very important preconditions for efficient performance of CSR in all parastatals. Formal planning process is a strategic management practice and prerequisite of quality models.

Parastatals should carry out an internal (firm) and external (market) analyses to understand stakeholders' needs and then incorporate them in their performance of CSR (strategies). The analysis provides information to explain the actions such as to satisfy stakeholders. This is a technique to establish practices exhibiting responsible care of stakeholders like employees. Pedersen and Neergard (2008) provide that mission, vision and values might incorporate social and ethical issues. Hence, Galbreath (2010) concludes that there is a positive and significant effect of formal planning on the performance of CSR.

By use of strategic planning practice, efforts analyzed both internal and external environments, used knowledge from multiple resources, and assisted parastatals to understand and formulate responses to meet the demands for CSR. It was argued that since parastatals operated in highly competitive environments, creating a winning strategy was not a onetime event since a good strategy today might not be successful the following day. Parastatals might give emphasis on product differentiation and customer service while other parastatals might be considering price. Therefore, harmonization of all functions in a parastatal was very important. Schraeder (2002) observes that CEOs, top management and line management were involved in strategic planning practice when there was high demand for proactiveness, environment was complex, and speed of adjustment in conditions of high competitive pressure. This meant that strategic planning practices could be done through internal orientation, external orientation, functional coverage, formal, informal, and centralization process.

According to Dyer and Chu (2003) managing of stakeholder relationships is very critical because relationship management provides critical control factors like conflict

management and interaction structures. It is also noted that this enhances a cooperative culture. Harrison *et. al.*, (2010) observe that parastatals that have a stronger external orientation and actively monitor and manage their stakeholders, additionally allocate more resources to satisfy their needs and wants to attract and keep them. Ellis (2010) notes that parastatals with strong and specific modes of stakeholder interaction like frequent meetings or specific modes of stakeholder orientation such as deploying problem solving approaches to stakeholder needs are more interested in the performance of CSR. Lam *et. al.*, (2010) conclude that parastatals which monitor their competitors or whose business strategies are value creation oriented are likely to become more interested in the performance of CSR. Delmas and Toffel (2008) argue that parastatals that undertake performance of CSR are likely to have formal structured interactions with their stakeholders for specific reasons and to be more market oriented in areas like direct cooperation, alliances and stakeholder joint projects.

Gadanne *et. al.*, (2009) observe that because of increasing awareness of environmental issues, there is additionally rising demand from customers, suppliers and other interest groups on parastatals to adapt environmental measures to increase performance of CSR in general. Kelly (2009) provides that parastatals should integrate their performance of CSR with their corporate culture and strategy. Berkhout and Rowlands (2007) further provide that performance of CSR efforts can be enhanced through formalized organizational structures. Leire and Mont (2010) argue that because the type of performance of CSR is a key issue, parastatals are advised to decide whether organizational design or empowerment of internal interest groups should hold the decision authority for performance of CSR. Therefore, the organizational design can be formal or informal mechanistic (centralized, hierarchical and bureaucratic), or organic (decentralized, flat and informal). According to Berkhout and Rowlands (2007) decision making regarding performance of CSR in the environment occurs in formalized organizational structures whereas decision making regarding non-environmental performance of CSR occur either by organizational design or by managerial choice

(Leire & Mont, 2010). Hill *et.al.*, (2008) conclude that performance of CSR needs to be managed and integrated appropriately to generate positive outcomes.

2.4.4 Strategic Total Quality Management Practice

Billing (2004) notes that STQMP was a comprehensive and structured approach to organizational management that sought to improve the quality of products and services through ongoing refinements in response to continuous feedback. Therefore, total quality management practice considered customer satisfaction, participatory management and results orientation. As a model, it provided a set of methods and practices that were appropriate at all levels of management.

It is evidenced that the level of development of CSR in parastatals is positively influenced by STQMP implementation. Zink (2007) in his works suggests that STQM models facilitate the effective performance of CSR of parastatals. Wang, Chen and Chen (2012) observe that the synergy of STQMP and CSR and their effect on stakeholders and the performance of a Parastatal contribute to their value addition. Therefore, STQMP can stimulate the performance of CSR. Hence, when parastatals comprehend this linkage, they can be encouraged to rethink their attachment to STQMP and performance of CSR so as to enhance corporate sustainability. Barrett (2009) argues that managers should think twice before engaging in STQMP and performance of CSR. Pedersen and Neergaard (2008) narrate that STQMP and performance of CSR is compatible. On the other hand, Barrett (2009) sees the linkage between STQMP and performance of CSR as incompatible. However, Castka and Balzarova (2007) observe that STQMP can be re-engineered to be compatible with performance of CSR.

According to MacAdam and Leonard (2003), STQMP can enhance the performance of CSR within parastatals. This is because the ethical values and principles of STQMP are quite the same as the ones supporting the performance of CSR. Hence, the compatible ethical values facilitate a common foundation for the STQMP and performance of CSR.

This reasoning also advances an argument that the ethical values in the performance of CSR also enhance STQMP. Additionally, performance of CSR and STQMP both originate from similar ethical foundations and need the same organizational climate and culture. The similarity of values found in STQMP and performance of CSR allows them to co-exist and hence avail conditions which support a strategic alliance between them. Zink (2007) reasons that the moral factors that enhance STQMP also enhance performance of CSR. Similarly, Kaynak and Hartley (2008) observe that STQMP has a basis similar to that of performance of CSR since they both have ethical anchors.

Hoang *et.al.*, (2010) explain that STQMP has been beneficial to organizations because of improved quality of products and services, provision of superior quality products to their clients, and facilitating an increased performance of CSR of a firm. Parasuraman (2010) argues that parastatals need to consider the common grounds between service productivity and quality. Hence, STQMP is now one of the key factors of the current cut throat competition (Almansour, 2012). According to Bon and Mustafa (2013) there are various STQM practices and each firm relies on a different set according to its nature. Bon and Mustafa (2013) noted; top management leadership, employee involvement, employee empowerment, customer focus, training, information analysis and continuous improvement as the seven practices of STQM. Similarly, studies of Zehir *et. al.*, (2012) considered; leadership management, employee management, customer focus, factual approach to decision making, supplier management, continual improvement, system approach to management and process management as the dimensions of STQM. However, in this study the STQMP that was chosen for the parastatals are: customer focus, continuous improvement and process orientation and supplier management. These practices are considered as key practices of STQM in both product and service industries (Sweis *et.al.*, 2013).

Current studies like Kassim and Abdullah (2010) have emphasized the key role of customer focus to develop performance of CSR. Fotopoulos and Psomas (2010) study also highlights that customer focus is positively and significantly related to the

performance of CSR of the organization. Similarly Chen *et. al.*, (2012) concluded that well developed association with customers can increase performance of CSR. Additionally, Dadfar *et.al.*, (2013) established that it was essential to construct a good association with the customer and the parastatal so as to facilitate an efficient co-production together. Therefore, focusing on the customer enhances the performance of CSR and also STQM has a positive relationship with customer focus (Lukasz & Kristensen, 2012). Performance of CSR helps parastatals to deal with the demands and expectations of stakeholders including customers (Waddock & Bodwell, 2004). According to Knouse *et.al.*, (2009), customer complaints and defects require a degree of honesty with customers. Hence, being honest with customers and creating trusting relationships with customers is a channel to obtain good profits. Therefore, recognition of customers brings with it certain ethical and social responsibilities that may not be readily apparent.

Ehie and Sheu (2005) observe that continuous improvement was greatly utilized in many firms globally. Davidson and Hyland (2006) assert that continuous improvement was a continuous interaction between operations, learning and innovation that seeks to attain firm cost and administrative efficiency, effectiveness and flexibility. This makes Liker and Hoseus (2010) to conclude that workers' creativity and knowledge are the foundation for continuous improvement. Diaz and Irfan (2012) note that STQMP was only interested with continuous improvement in entire work starting from top level strategic planning and decision making to elaborate performance of work elements. Therefore, defects can be monitored and controlled since STQM leads to continually enhancing outcomes of people, technology and processes.

Jagdeep and singh (2013) assert that continuous improvement is a dynamic process that focuses on improving programs, services, materials and their association with the parastatals' customers, suppliers and competitors. Therefore, continuous improvement reinforces performance of CSR of parastatals. Goetsch and Davis (2013) argue that

STQMP facilitates the parastatals' strength to decrease the cost and improve the parastatals' chances of being market leaders in a particular industry.

Additionally, Saman (2012) provides the best ways of using STQM tools and techniques that enhances performance of CSR. Parastatals should manage processes to reduce and avoid errors in products and services and in daily parastatal activities. A process approach leads to analyzing risks, consequences and effects of activities on stakeholders (Karakas, 2010). This activity is a way to enhance quality since it facilitates efficiency. Similarly, if such processes are put in writing, it is a channel of changing the parastatal's knowledge into a tacit understanding and a way to enhance the internalization of daily activities. The more internalized a quality philosophy is, the easier it becomes to act in an ethically and social responsible way. Hence, quality procedures assist to internalize ethical issues so that they remain a natural part and parcel of a parastatal existence (Ascigil, 2010).

Suppliers are very important when it comes to quality management. A parastatal should ensure quality at every level of manufacturing. This is because effective supplier management should form the foundation for procuring quality parts (Kaynak & Hartley, 2008). In addition, a parastatal can meet customer needs to include them in its processes. Customer feedback allows adjustments to the process to modify the parastatal's operations accordingly and improve products (Muthuri & Gilbert, 2010). Therefore, in this context, responsibility was exercised when customer relationship strategies are implemented and when supply chains are managed (Waddock & Bodwell, 2004). Nayebpour and Koehn (2003) conclude that in STQMP context, by parastatals making expectations more explicit and by insisting on the goodness of free and open communication with suppliers, STQMP can reduce recriminations and lead to more harmonious dealings between parastatals and their suppliers.

Lopes and Capricho (2007) argue that TQM allowed the parastatals to get feedback and evaluation on an integrated way throughout the business cycle of the

parastatal. Bergquist, Garvare, and Klefsjo (2006) explain further that TQM practice originated from Japan where continuous search for quality products had continued to yield the desired results. Rouse (2005) asserts that TQM practice was categorized into plan, do, check and act cycle. In parastatals, low quality services had been experienced and this had generated low expectations, dissatisfaction and frustration. However, the parastatals could apply TQM practice and register some improvements. Bergman and Klefsjo (2003) note that TQM practice was management systems consisting of values, methodologies and tools aimed at satisfying the needs and expectations of the customers with a reduced amount of resources.

TQM practice explained a comprehensive and structured approach to firm management which majorly aimed at improving the quality of products and services through continuous refinements in response to feedback from consumers. Oakland (2003) argues that the ultimate aim of the TQM practice of improving performance of CSR was achieved by improving customer satisfaction through the best possible product quality. The investments in CSR depended on the environmental quality of the parastatals. Gazzola and Mella (2006) narrate that each investment in CSR was an investment that could maintain the value-loyalty faith of the consumers and this was close to reputation. Investments in quality and productivity influenced the perception that stakeholders had of the firm, allowing them to assess its reliability, and generated an appreciation of the firm, which are the engines behind the trust of customers and the environment. There was a relationship between quality practices and CSR.

Tari and Claver (2008) highlight that TQM practice was management innovation used globally in parastatals. The CSR and TQM practices impinged on all aspects of parastatals. It was reported that CSR and TQM practice had some degree of overlaps between them. This made McAdam and Leonard (2003) conclude that TQM practice with its greater penetration in parastatals of all shapes and sizes could act as a main factor for developing CSR within the public sector. While Rawlings (2008) explains TQM practice as being perceived as organization-friendly and compatible with the main

goal of organizations, Ahmed and Machold (2004) mention that it was possible for managers to reject CSR on the grounds that moral principles were incompatible with those of rational principles. Zehir and Sadikoglu(2012) concur that TQM practice successfully stroke a balance between the goal of the parastatal and doing the right thing in terms of respecting the interest of stakeholders. In the same breadth, CSR accepted the legitimacy of the goal of the parastatal by valuing people and the environment as the source of performance. Ghobadian *et. al.*, (2007) while writing on this reported that TQM practice could play an important part in facilitating a deeper penetration of CSR in a broad range of parastatals. It was argued that CSR hadan effect on parastatals and had a strong affinity to the principles of a quality management.

Nair (2006) argues that TQM practice was driven by a set of interrelated concepts that simultaneously featured management practice and moral values. Phan, Abdallah, and Matsui (2011) concur that TQM practice and CSR shared similar ethical anchors and instrumental dimension. A number of empirical studies carried out revealed that there were several benefits realized as a result of TQM practice introduction. Sadikoglu and Zehir (2010) did a study on 20 organizations that had implemented TQM practice and revealed: superior financial performance; improved employee relations; improved operating procedures; and enhanced customer satisfaction. Nair (2006) alleges that the improvement in the financial and operational performance resulting from TQM practice was critical to the likelihood of parastatals behaving ethically.

According to Criado and Calvo-Mora (2010), parastatals should demonstrate more strategic management than traditional management behaviors to increase stakeholders' awareness of quality activities in TQM adoption and practices. Sadikoglu and Zehir (2010) argue that process management considers activities rather than results via a set of methodological and behavioral activities and these includes preventive and proactive approaches to quality management to reduce variations in the process and improve the quality of the product. Process management practice monitor data on quality to manage processes effectively and hence turnover rate of purchased materials and inventory can

be improved, errors in the processes are figured out and corrected on time. Therefore, process management design minimizes the negative effects on the environment.

Phan, Abdallah and Matsui (2011) argue that parastatals should know the customers' expectations and requirements and then should offer the products and services accordingly. Therefore, by help of customer focus efforts, production can be arranged with respect to the customers' needs, expectations and complaints. When customer expectations are met, their satisfaction is increased and the firm's performance of CSR increases.

2.4.5 Measurement of Performance of Corporate Social Responsibility

Shallini, Pawan, and Rajen (2011) note that the evaluation of performance of CSR was important both for business and society. Sirgy (2002) observes that when parastatals measure performance of CSR, they could establish their strengths and weaknesses to modify their strategies and define opportunities for improvement. Shallini *et.al.*, (2011) assert further that the establishment of valid and reliable indicators was vital for measurement process. Baskin (2006) notes that reporting can be used as an indicator of CSR performance because this provides the level of CSR activity in the organizations. According to Turker (2009) the first type which was general did not consider the direct and indirect effects of its sector in society. But Azapagic (2004) suggests the second type which considered general and sector- specific indicators. However, according to Gjolberg (2009) there was no agreed approach to assess performance of CSR and it was not also possible to determine CSR indices.

Different ways are provided to measure the performance of CSR. Igalens and Gond (2005) recommend five different ways of measuring performance of CSR: first, the contents of annual publications; secondly, pollution indexes; thirdly, perceptual measurements that depended on questionnaire surveys; fourthly, corporate reputation indicators; and fifthly, data produced by measurement organizations. The shortcomings

were mentioned for these methods as: a content of annual publications measurement was subjective and was easily modified; pollution indexes were not applicable to all types of industries; questionnaire surveys were affected by administration preparation; and corporate reputation and data produced by measurement organization had halo effect.

On the other hand, Santos (2011) recommends three main categories: expert evaluations, single- and multiple- issue indicators, and surveys of managers. It was also observed that expert evaluations and single indicators such as pollution index had a short- coming of representing only one dimension of the multiple aspects of CSR. The surveys of managers if used as performance of CSR measurement, it depended on the dedication of corporate managers on the commitment of CSR initiatives (Graafland *et. al.*, 2004) and hence the assessment of performance was not precise.

Turker (2009) recommends four approaches to assess performance of CSR: reputation indices and databases, single-and multiple-issue indicators, content analysis of corporate publications scales measuring CSR at the individual level, and scales measuring CSR at the organizational level. It was concluded that scales that measure the CSR perception of individuals was preferred to assess the socially responsible values of managers to socially responsible initiatives of organizations. Similarly, Hino (2006) suggests measurement approaches of: survey methodology, reputation index and rating, and content analysis of documents. However, this study used the perceptual measurements that depended on questionnaire surveys and content analysis of documents. It was not easy to measure performance of CSR by using traditional indicators such as return on investment because effective measures of CSR considered economic, social and environmental impact.

2.5 Empirical Review

There are several studies that have been done related to performance of CSR. Longo, Mura and Bonoli (2005) carried out a survey amongst Italian SMEs from different

industries and established that the implementation of CSR related practices had a positive effect on human resources management with a decrease in the costs associated with retention and absenteeism. Similarly, Jenkins (2006) using semi-structured interviews with 24 UK SMEs established that most of the benefits from performance of CSR by owners and entrepreneurs were intangible in nature majorly related to an increase in the motivation of human resources and few companies had realized hard savings.

Iturrioz, Aragon, Narbaiza, and Ibanez (2009) investigated 245 SMEs in Spain that had adapted different CSR strategies to establish the relationship between dimensions of performance of CSR and the business value. The results of the study were that the value chain and internal community performance of CSR exhibited the strongest relationship with the business value. Tantalo, Caroli, and Vanevenhoven (2012) of Italy did a study on the perception of managers from 50 Italian SMEs engaged in CSR activities appropriate to the effect of various kinds of performance of CSR on the long run competitiveness of firms. The outcome of the research was that performance of CSR had a high effect on competitiveness in regard to ethical production management, environmental considerations and customer value creation. According to Salzmann, Ionescu-somers, and Steger (2005) the studies that showed that competitive practice and financial performance was related to performance of CSR were not correct because the outcomes were subject to further research biasness and unclear in relation to the causal relationship between the terms.

Margolis and Walsh (2003) considered a review of 127 multiple regression studies on the association between performance of CSR and financial performance but the outcome was confusing without a very clear correlation between these variables. On the other hand, Valor (2008) argues that customers might not be willing to give support to parastatals which are engaged in performance of CSR because customers have limited power in the market place. Additionally, Cochran (2007) notes that performance of CSR of parastatals has a positive effect on human resources because good employee relations

could lower its employee turnover rate, improve employee motivation and also attract new staff. Studies have been done in relation to customer satisfaction and evidence is provided to show that performance of CSR played a key part in the quality of goods and services provided.

Manaktola and Jauhari (2007) evidence the relevance of increasing awareness among customers in relation to performance of CSR of parastatals while Koszewska (2010) demonstrates that performance of CSR standards could be a critical factor in customers' ability to differentiate between goods. With respect to strategic management practices in relation to environmental protection, a study carried out involving 252 Brazilian enterprises by Boehe and Barin (2010) established that performance of CSR in regard to environmental effects could enhance product differentiation. According to Little (2006) several studies carried out have argued that performance of CSR gave way to innovation via the utilization of social, environmental and sustainability practices and new market opportunity. The study of Miller and Chen (2012) on the US airline industry found out that in a competitive homogeneous market, firms that concentrated on only a few core strategic activities to compete with others realized a decline in their financial performance and hence performance of CSR. In furtherance, Zuo *et. al.*,(2008) in their study established that parastatal's beliefs, value system and past experience combined with parastatal's values, vision, mission and corporate governance leads to performance of CSR which ultimately results into social performance, trust and financial performance of the parastatal.

Studies of Sadikoglu and Zehir (2010); and of Nair (2006) on the relationship between TQM practices and performance established mixed results. As much as most of the previous studies results were significant, some of the results were insignificant. Tari and Claver (2008) in their study on the individual effects of total quality management on customers, people and society results and quality performance in SMEs found out that customer focus was positively related to CSR because when a firm knows the customers' current and future needs, expectations and complaints accurately and on

time, the firm can invest in performance of CSR so as to improve its sales, market share and total profitability. Parast and Adams (2012) established in their study of CSR, benchmarking and organizational performance in the petroleum industry that process management practice improves social responsibility and customer results.

Phan, Abdallah, and Matsui (2011) in their study on quality management practices and competitive performance in Japanese manufacturing companies found out that supplier quality management was positively related to performance of CSR because a firm cannot contribute to the society effectively without the collaboration among the supply chain partners. Hence all partners in the supply chain should understand the effect of their products and services on the health of the society and environment. Zehir and Sadikoglu (2012) in their study on relationships among total quality management practices in Turkish industry found out that strategic quality planning was positively related to performance of CSR since society was concerned about the conservation of the environment and it gives credit to the firms which contributed to environmental protection. Hence if a parastatal develops its strategies on quality and organizational objectives by bearing in mind its likely effects to the environment and living standards of the society, the firm can reduce or eliminate pollution and noise, protect the environment and gain a positive image in the society via performance of CSR.

2.6 Critique of the Existing Literature

Godfrey and Hatch (2007) argue that many authors have tried over the years to define CSR because lack of proper definition has made theoretical development and measurement difficult. It was generally maintained by many academics that CSR was motivated either by altruistic arguments or by profit maximization motives. Some of the benefits included stronger brand positioning, corporate image, market share and sales. However, a universally accepted measurement of CSR did not exist (Montiel, 2008). Corporate social responsibility have drawn significant attention in the public sector, however, little was known empirically about what drove parastatals' demonstration of

CSR (Campbell, 2007). Therefore, the major contribution of this research is to offer some evidence as to what some of these drivers are.

Qualitative research design is purported to be more subjective and always done on a few numbers of objects (Denscombe, 2010). This means that things are studied in their natural settings attempting to make sense of or interpret the phenomena in terms of the meanings respondents brought to them (Flick, 2006). However, this study used quantitative research design which is more objective, done on large population, observable, measurable and possible to manipulate (Hartman, 2004). It is also important to note that the choice of data collection method was very important while the appropriate data collection method for this study was quantitative approach which rested on facts and reasons. Ghauri and Gronhaug (2005) note that quantitative approach explains and identifies causal relationships and hence requirements on objectivity of outcomes and quantification of concepts and data were high. Whereas a qualitative method aimed at uncovering and understanding the concept about which little was known. Hence, a qualitative method does not provide a quantifiable answer as to which phenomenon is dominant in theory. Considering that there was relatively little knowledge on the study, the preferred choice to be used for this study was quantitative method so as to increase the knowledge base in general and the understanding of the performance of CSR.

Hull and Rothenberg (2008) observe that firms strain to understand and implement CSR and therefore a study that explains performance of CSR was very important in strategic management. McWilliams and Siegel (2011) also add that managers have difficulties in understanding how doing good could be part and parcel of strategic management. On that note, Noland and Phillips (2010) conclude that these problems come up because most past studies targeted academics instead of practitioners. It is established that few studies explore the driving forces behind performance of CSR among stakeholders (Lee, 2008). However, CSR has been researched in abundance from a corporate financial

performance and governance perspective (Wood, 2010). These are more of results or performance oriented studies.

According to Wood (2010) previous researches have a strong focus on US firms, secondary data such as databases, data from annual reports and indexes, and specific industries like banking and automobile industry. This study therefore used primary data instead of secondary data which have been the preferred data collection source. It is also noted that previous studies that addressed CSR used theories such as control theory, goal theory, stewardship theory, stakeholder theory, institutional theory and resource based theory (Bondy, Moon, & Matten, 2012). However, Lindgreen and Swaen (2010) observe that as much as these theories addressed the needs of many stakeholders, the previous studies evaluated CSR from an explicitly normative and ethical perspective leaving out most other perspectives. Hence, those studies' scope was on society and stakeholders in isolation from the firms.

2.7 Research Gaps.

This section reviewed the gaps on performance of corporate social responsibility of parastatals across the globe, Africa and Kenya. The literature review affirmed that much of the empirical studies undertaken in the topic under study had been undertaken outside Kenya. Hence, there was definite need to focus the study in the Kenyan context to add to literature with evidence from the experiences in Kenya. Njoroge (2009) investigated a study on effect of the global financial crisis on corporate social responsibility in multinational companies in Kenya. It was summed up that CSR initiative could be implemented at a later stage or cancelled all together because of the financial crisis. In that study two approaches were used to carry out the study, that was, telephone interviews survey and analysis of covalence database but this methodology had weaknesses and the study also focused on foreign owned firms which might not give a true picture of Kenyan CSR scenario.

Khamah (2015) assessed the extent to which corporate social responsibility affects sales volume increase in listed companies in Kenya. Khamah, Njehia and Njanja (2015) examined the extent to which corporate social responsibility affect product extensions among listed companies in Kenya. In addition, Khamah *et. al.*, (2015) investigated the extent to which corporate social responsibility affects consumer buying behavior in listed companies in Kenya. However, it is noted that organizations are expected also to do well in non-financial areas like corporate governance, community development, human rights and workplace issues (Sorsa, 2008). From the foregoing studies, it is therefore understood that performance of Corporate Social Responsibility is a well-researched area but what is lacking in these studies is the effect of its strategic management practices in the parastatals from the Kenyan perspective. Hence, this research was intended to obtain as a knowledge gap measure.

Gathenya (2012) study confirms a relationship between strategic planning practices and firm performance but fails to reflect the causal association between strategic management practices and performance of Corporate Social Responsibility. Waiganjo (2013) have reported that while some researchers have been able to reveal a relationship between competitive strategies and firm performance, they have not well explained how, when and why this relationship existed and determined the inter-relationships. Literature reviewed has established that most researches have examined the relationship between competitive advantage and firm performance mostly in a few developed countries like the UK and US (Njuguna, 2008). However, the question still not answered was whether competitive strategies had an effect on the performance of CSR. Therefore, the conduct of this research in a developing country like Kenya would fill this gap and further determine the existence of such a relationship.

Fisman *et. al.*, (2005) argue that firms engaged in CSR due to profit maximizing behavior but it was not explained whether firms considered stakeholders when maximizing profits hence this study. It was explained further that managers who worked in competitive industries which had higher advertising intensity always used CSR to

signal the high quality of their products and in the long run gained higher profitability and market share. In the same vein, it was narrated that firms did performance of CSR because of the corporate governance issues of conflict resolution (Schever *et. al.*, 2006).

Despite the extensive literature on examining performance of CSR, it had been found that only governance characteristics had a positive effect on the choice of CSR engagement. The fact that other performance of CSR like incumbent CEOs using CSR initiatives to generate support from social and environmental activities in order to reduce CEOs turnover in future and also using CSR activities to signal their product quality had no direct bearing to the choice of performance of CSR, it depicted that there was a gap that needed to be filled. It was therefore prudent for other studies to make a remarkable contribution in this field by addressing the performance of CSR of parastatals. Similarly, due to the fact that there was no universally agreed upon reasons behind firms' performance of CSR, it meant that there was a void that needed to be filled through this study. As much as there were many studies on CSR, the researches done had focused so much on the relationship between CSR and financial performance only (Coombs & Gilley, 2005).

According to Campbell (2007) very few studies have been done on understanding why corporations acted in socially responsible ways or not. The existing literatures that have been done were criticized by Margolis and Walsh (2003) for ignoring factors other than corporate financial performance that might affect corporate social responsibility. Walsh *et. al.*, (2003) and Campbell (2007) had called for more serious theoretical inquiry into the matter of performance of CSR. It was therefore necessary that this study was carried out to fill the existing gaps. In conclusion, studies on performance of CSR have been extensively conducted in western countries only (Schmidheiny, 2006).

Indeed, few studies have been carried out with regard to the performance of CSR in Africa. This lack of sufficient studies addressing the issue of performance of CSR in Africa has raised many controversies in the Kenyan context with many unsubstantiated

allegations that CSR was a conduit for siphoning organizations' money. Therefore, studies were needed to address the performance of CSR of western studies in the Kenyan context. Muriuki (2008) investigated the CSR link to strategy among mobile telephone services providers in Kenya. The objective of this study was to identify the CSR practices of the mobile telephone services providers in Kenya and establish whether these CSR practices were linked to the corporate strategy of the respective companies. This study covered only the communication sector and therefore the conclusions could not be generalized to cover other sectors where parastatals fell.

Waithaka, Gakure, and Wanjau (2012) did a study to establish and document the effect of board characteristics on the social performance of Microfinance Institutions in Kenya. However, the study focused on a narrow set of board characteristics and one or two aspects of social performance in a financial institution but not strategic management practices in parastatals. The study also focused on individual practices instead of entire strategic management systems and its influence on performance of CSR. Aroni (2010) assessed an evaluation of emerging trends of CSR for selected listed companies on the NSE and established that strategic concerns influenced companies to embrace CSR. In this study it was not explained what was shaping the performance of CSR in the public enterprises. Simba *et.al.*,(2015) evaluated the strategic management determinants of value addition of industrial fish processors in the Sea food processing sub chain in Kenya and used the variables: strategic planning practice, technological competitiveness, market competition and corporate policies. Uzel *et.al.*, (2014) assessed the effect of strategic management drivers on the performance of hotel industry in Kenyan Coast and used the variables: customer relationship management, strategic planning, strategic competitive positioning, Information Communication Technology and organizational learning. This study therefore filled the gaps by addressing the issues of strategic management practices and performance of CSR of parastatals in Kenya.

2.8 Summary

This chapter reviewed existing literature of the effect of strategic management practices on the performance of CSR measured using quantitative techniques. The result of this study assists the CEOs, the managers and marketing managers to select the appropriate performance of CSR which could improve the core competences of their sectors. The conceptual framework was developed to link the independent variables with the dependent variable. The chapter also summarized the main theories that were related to the strategic management practices and performance of corporate social responsibility. Similarly, the chapter presented the hypotheses that guided the study. The next chapter describes the research methodology that was used to conduct the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter described the research design for the study, the target population and the measurements of the main study variables. The principal variables were strategic competitive practice, strategic corporate governance practice, strategic planning practice, strategic total quality management practice and performance of CSR. The chapter ended with the measurements of the key study variables.

3.2 Research Design

Creswell (2014) regards research designs as plans and procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis. The research design choice of this study was based upon the research philosophical and methodological foundations of logical positivism. According to Indick (2002), logical positivists underpin the goodness of scientific rigor in the quest for knowledge. This study deduced and formulated variables, hypotheses and operational definitions based on the existing theory. Therefore, this study utilized a quantitative research design as it sought to establish the effect among the key study variables namely; strategic competitive practice, strategic corporate governance practice, strategic planning practice, strategic total quality management practice and performance of CSR results.

This study adopted survey research design using quantitative approach. Quantitative approach puts emphasis on measurement and data is analyzed in a numerical form to provide brief description. Mugenda and Mugenda (2008) note that quantitative approach is also called scientific method and has been regarded as the traditional mode of inquiry in evaluation and research. It is further argued that this mode of inquiry has various logical and distinct steps starting from determining and highlighting research problem to

constructing appropriate inferences and conclusions to the target population. Hence, quantitative approach stresses on procedure, methodology and statistical measures to test hypothesis and make predictions.

The study used quantitative approach for the reason that the data collected using questionnaires from the respondents were analyzed easily by utilizing the standard statistical tools. Similarly, quantitative approach has techniques, measures and designs that come up with numerical and quantifiable data (Simon, 2007). The design also depends on the principles of verifiability of prove, substantiation and confirmation utilizing the correct measurement of variables being studied. Quantitative design also assumes that science seeks to determine facts with little consideration for subjective status of the individual (Patton, 2002). Christensen *et. al.*, (2011) note that quantitative design was a systematic way of collecting numerical information and analyzing it using statistical procedures. Survey method was also an appropriate method for collecting data for exploratory studies for a well defined population and it was very particular with the effect of two categories of variables.

Kerlinger (2002) notes that the survey design allowed a large number of individuals to be surveyed in a shorter time frame and at less cost than other methods such as interviews and observations. The advantage of this survey method was that the variables were measured in real social settings as they existed at the time of study. According to Raman and Kumar (2008), cross-sectional studies have been found to be robust for effects studies. Therefore, this study was cross-sectional research since the research respondents answered the questionnaire at once, because of the time period the data was collected and the type of analysis. It was more of a snap shot or one-shot study. This quantitative study aimed to empirically analyze the effect of strategic management practices on performance of corporate social responsibility. Barker *et. al.*, (2002) note that quantitative designs facilitated greater precision in measurement and also availed a good basis for generalizing results over and above the study sample. The quantitative

design similarly enhanced comparisons because the researcher was able to obtain feedback from a big number of people for comparisons.

3.3 Target Population

According to Sekaran (2010), a target population was classified as all the members of a given group to which the investigation was related, whereas the accessible population was looked at in terms of those elements in the target population within the reach of the study. According to Kothari (2012), a population is a group of events, people or items of interest with a common observable attributes. This was a cross-sectional study of 187 reclassified parastatals operating in Kenya as at 9th October, 2013. According to Leftie (2013) the number of State Parastatals was 187 in line with recommendations made by a Presidential task force. In view of this fact therefore, the population of interest in this study consisted of 187 parastatals in Kenya's all sectors classified into 12 key sectors. The 109 State Parastatals were used as study population for this study because some State Parastatals were yet to be established and enacted by the government, some were used on pilot study and others were completely new (Presidential Taskforce on Parastatal Reforms, 2013).

The sectors included: Agriculture, Livestock and Fisheries 19, Devolution and Planning 4; Education, Science and Technology 22; National Treasury 10; Health 4; Industrialization and Enterprise Development 12; East African Affairs, Commerce and Tourism 7; Transport and Infrastructure 10; Energy and petroleum 8; Environment, Water and Natural Resources 6; Information, Communication and Technology 5; and Labor and Social Security services 2.

3.4 Sampling Frame

For adopting any sampling procedure, it was important to have a list establishing each sampling unit by a number (Cooper & Schindler, 2013). The study targeted State Parastatals in Kenya today. The sampling frame which was a complete list of 187 State

Parastatals operating in Kenya as at 9th October, 2013 is attached (see Appendix III). In this study, the sampling frame comprised of 187 State Parastatals in Kenya. The sectors were: Agriculture, Livestock and Fisheries; Devolution and Planning; Interior and Coordination of National Government; Education, Science and Technology; Office of the Attorney General and Department of Justice; National Treasury; Sports, Culture and The Arts; Health; Industrialization and Enterprise Development; East African Affairs, Commerce and Tourism; Labor and Social Security services; Transport and Infrastructure; Energy and Petroleum; Environment, Water and Natural Resources; Executive office of the President; Information, Communication and Technology; Defense; Mining; Lands, Housing and Urban Development; and Foreign Affairs and International trade. The sampling frame was obtained from report of the Presidential Taskforce on Parastatal Reforms (2013).

The presidential Taskforce on Parastatal Reforms (PTPRs) was tasked with the responsibility of interrogating the policies on the governance of Kenya's State Parastatals and establish how the State Parastatals were transforming the country into great prosperity. Most State Parastatals have CSR strategy (Kisero, 2013).

Table 3.1 Population size

Sector	Target Pop	Study Population
Agriculture, Livestock & Fisheries	25	19
Industrialization& Enterprise Development	14	12
East African Affairs, Commerce & Tourism	11	7
Devolution & Planning	8	4
Labor & Social security services	2	2
Education, Science & Technology	46	22
Environment, Water& Natural Resources	8	6
Transport & Infrastructure	10	10
Health	9	4
National Treasury	18	10
Energy & Petroleum	8	8
Information Communication & Technology	6	5
Office of the Attorney General & Justice	6	-
Sports, Culture & The Arts	7	-
Interior and Coordination of National Govt	2	-
Executive office of the President	1	-
Defense	1	-
Mining	1	-
Lands, Housing & Urban Development	3	-
Foreign Affairs & International Trade	1	-
Total	187	109

The performance of CSR in this study was not targeting societal well-being alone but also implied that parastatals have to design some business practices to achieve it. This meant that the study was adopting performance of CSR as being strategic (instead of ethical) with the organization (State parastatal) as unit of analysis (instead of the society). Therefore the chosen unit of analysis for this research was the Stateparasttals managers. In each State parastatal, thetop managers were the respondents for the study.

3.5 Sample and Sampling Technique

3.5.1 Sample Size

The total sample size for this study was obtained using the formulae developed by Saunders, Thornhill, and Lewis (2009) together with Miller and Brewer(2006) and the adjusted sample size was 85 State Parastatals (see Appendix VII) and workings below respectively. With a study population of 109 and a sample size of 85, the researcher applied the multi-stage sampling frame of choosing 2 respondents from every parastatal. Table 3.2 shows the sample size of study and distribution of questionnaires to two managers in each sampled parastatal. With a confidence interval of 95 percent, the sample size was also determined using the formula given by Miller and Brewer (2006) as shown below and in appendix IV (Saunders *et.al.*, 2009).

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

Where:

n= the sample size,

N= the sample frame (population)

α = the margin of error (0.05%).

A sample size of **85 State Parastatals** was arrived at as follows:

$$\begin{aligned} n &= \frac{109}{1 + 109 (0.05)^2} \\ &= 85 \end{aligned}$$

This study, therefore, had a total of 85 State Parastatals sampled for the study and 170 respondents or study population selected for this study. This meant that the study selected 2 respondents from every State Parastatal sampled of 85. The selection of these figures were based on Fwaya, Odhuno, Kambona and Othuon (2012) whose study population was made up of hotel managers in the rank of General Manager, Assistant General Manager, Resident Manager and Operations Manager and hence, they chose the top four executives because they were knowledgeable about the measurement activities of the entire hotel. Similarly, sectional heads were left out because their measurement knowledge was restricted to their areas of operations. Therefore, this study chose 2 respondents as knowledgeable for every State Parastatal sampled of 85 to make 170 respondents.

3.5.2 Sampling Technique

The study used stratified random sampling technique. Through the sampling frame, it was established that there were 20 major sectors in the 187 State Parastatals in Kenya. However, this study adopted 12 sectors of the 109 State Parastatals (see Table 3.2), each major sector establishing a stratum. Therefore, having established the population of study, multi-stage sampling procedure was administered to select the subjects of study. In the first stage, random sampling was done from the sampling frame which was divided into 12 non-overlapping strata to select the respondents. The second sampling frame consisted of two managers from each parastatal as per the sampled parastatals data base. Hence, the sampled parastatals had 170 managers from whom a sample for the study was derived. Kothari (2012) notes that multi-stage sampling is used when a population from which a sample is drawn does not constitute a homogeneous group. Ghauri and Gronhang (2005) outlined the procedure for drawing a sample as consisting of the following steps: defining the population, identifying the sampling frame, selecting a sampling procedure, determining the sample size, selecting the sample units and ultimately collecting data from the sampled units. The sector or strata sample size was determined through proportionate sampling where the numbers in the sector or

strata selected for the sample reflected the relative numbers in the sectors or strata selected for the sample population as a whole (Robson,2002). This is shown in appendix VII.

The study respondents were made up of parastatal managers in the ranks of CEO, General Manager, Assistant General Manager, Operations Manager, Events & External affairs manager, Public Relations Manager, CSR Strategy manager and Finance officer. However, the research instrument was administered upon the top managers of each sampled parastatal and that was the corporate affairs manager and finance officer to get the desired responses to the questionnaire. According to Leire and Mont (2010), performance of CSR is the responsibilities of the top management team and should be part of their agenda. The researcher therefore chose two respondents because they were knowledgeable about the measurement activities of the entire parastatal but this excluded other departmental heads on the basis that many sectional heads had measurement knowledge restricted to their areas of operation only (Fwaya, Odhuno, Kambona, and Othuon, 2012)

The finance officer was included as a respondent because he or she always participated in budgetary process of the entire parastatal and used the strategic planning tools and techniques such as financial analysis of competitors in the external environment. Since managers, as explained by Aldehayyat and Anchor (2008), were the most capable persons to provide a valid response to questions related to the parastatals' strategies, a finance officer was considered as a research target respondent in all cases. Such two respondents enabled the researcher to obtain a clear picture of the situation in the parastatals. Therefore, the research instrument was administered to those officers responsible for performance of CSR and in that case was either the corporate affairs manager or CSR strategy officer and finance officer who were based at the Head offices since they were conversant with the status of CSR strategies being implemented by their parastatals. The CEOs were the custodian of CSR strategy in most parastatals but they were not usually accessible and were political appointees in most cases. Therefore the

appropriate respondents were other managers such as the Events manager or corporate affairs and Public Relations manager. These were the internal stakeholders.

Table3.2 Sample Size

	Population	Sample	Managers	No. of
Sector	Total	size	sampled	respondents
Agriculture, Livestock & Fisheries	19	15	2	30
Industrialization& Enterprise Dev	12	9	2	18
East Afri Affairs, Com & Tourism	7	5	2	10
Devolution & Planning	4	3	2	6
Labor & Social security services	2	2	2	4
Education, Science & Technology	22	17	2	34
Environment, Water & Natural Res	6	5	2	10
Transport & Infrastructure	10	8	2	16
Health	4	3	2	6
National Treasury	10	8	2	16
Energy & Petroleum	8	6	2	12
Information Communication & Tec	5	4	2	8
Total	109	85		170

3.6 Data Collection Instruments

The study used both primary and secondary data collection sources as follows:

3.6.1 Primary data

The primary data was collected through a self-administered semi-structured questionnaire using the key-informant method. Wu (2006) explains that views of key informants were widely used in marketing studies because they were deemed to be the most knowledgeable about the issues being investigated for which they were directly responsible. The structured questionnaire was with closed- ended questions and a customized five-part likert scale which was used to collect data on the independent variables from the managers. Respondents were asked to indicate agreement with each item. Each item had a five-point scale ranging from 1=strongly disagree, 2=disagree, 3=indifferent, 4=agree, and 5=strongly agree. The departmental heads that were targeted were informed about the purpose of the study. The questionnaires had been preferred because personal administration of questionnaires to individuals helped to develop close relationships with the respondents. The questionnaire also provided the clarifications sought by respondents on the spot by collecting the questionnaires soon after they were filled. The data collected was edited to ensure consistency across respondents and detected omissions. According to Patton (2002), a researcher addressed the design of the study and analysis of the results so that the research could hold quality test and this could be done through reliability. De Vaus (2002) notes that reliability is the ability of the questionnaire to give the same answer in the same circumstances from time to time. This implies that if respondents answer a questionnaire the same way on repeated situations, then the questionnaire is said to be reliable.

3.6.2 Secondary data

Information relating to the parastatals in annual and published financial statements in national newspapers, during annual general meetings messages and in-house magazines

was used to provide secondary data information on relevant CSR indicators. Other important business disclosure in journals, manuals and the parastatal documents was used for secondary data collection. The secondary data collected was used to cross validate the primary data collected.

3.7 Data Collection Procedures

The data collection instrument in this study was a questionnaire. The research instrument was conveyed to the respondents through the drop and pick technique. The researcher approached each parastatal, introduced himself to the relevant respondents by explaining to them the nature and purpose of the study and then left the questionnaires with the respondents for completion and picked later within two weeks. Before the questionnaire was given out, the researcher first sought for authorization from the particular parastatal management to collect data. A covering letter explaining the objectives of the study and assuring the respondents' confidentiality and asking them to participate in the study accompanied the questionnaire.

Respondents were asked to willingly participate in the survey and give the data. But any respondents who declined to participate were replaced by others from the same parastatals in the same sector. Respondents were required to fill the questionnaires that included responses on measurement of performance of CSR as well as the demographic information. Ghauri and Gronhaug (2005) narrate that questionnaire method was an inexpensive method for data collection. The use of questionnaire had many advantages which were as follows: they had standard questions which could be administered to a large number of respondents in Kenya within a short time and at a minimal cost. Respondents were assured of anonymity and confidentiality and they were able to complete the questionnaires when it was convenient and at their own time.

3.8 Pilot Study

Activities before the fieldwork process consisted of instrument design and development. Questionnaire administration involved pre-contact with the respondents. In order to ensure content validity, the preliminary questionnaire was pre-tested on a pilot set of respondent managers for comprehension, logic and relevance. Respondents in the pre-test was drawn from seven parastatals, that is, 10% of the sample size as per recommendations by Mugenda and Mugenda (2003) who observe that a successful pilot study used 1% to 10% of the actual sample size and this was similar to those in the actual survey in terms of background characteristics. Basing on Mugenda and Mugenda (2003) recommendations, the researcher set seven pilot questionnaires representing 8% of the sample size and which was within the range of 1%-10% and gave to the managers of: National Campaign Against Drug Abuse Authority, Kenya School of Law, National Museums of Kenya, LAPSSSET Corridor Development Authority, Kenya Ordinance Factories Corporation, National Housing Corporation and Kenya Investment Promotion Service (see Appendix V). Therefore, the study used one respondent from each of the seven (7) Parastatals to participate in the pilot test study. The pre-tested respondents were not part of the study population since this would have brought about assessment biases and contamination of the respondents (Mugenda & Mugenda, 2003).

Malhotra (2007) observes that the questionnaire pre-tests was done in order to observe the respondents' reaction and attitudes, and questions that respondents found to be ambiguous. All the aspects of the questionnaire was pre-tested including question content, wording, sequence, question difficulty, layout and form and instructions. The feedback obtained was used to revise the questionnaire before administering it to the study respondents.

3.8.1 Reliability of the Instrument

Sekaran (2009) asserts that the reliability of the study measures could be assessed by computing Cronbach's alpha coefficients, which could be used to assess the internal consistency among the research instrument items. Sekaran (2003) notes that reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the goodness of the measure. Cronbach's alpha was used as a measure of internal consistency. Cronbach's alpha is a reliability coefficient that indicates how well items in a set are positively correlated to one another. The Cronbach's alpha coefficient should range between 0 and 1 (De vaus, 2002). Higher alpha coefficient values meant that scales were more reliable. Masilamani and Aris (2009) recommend that acceptable alpha was at least 0.70 or above. The reliability test results are presented in Table 3.1. Using the formulae below, which is Cronbach's alpha basic equation measure and extension of the Kuder-Richardson formula 20 (KR-20), reliability coefficient of internal consistency was determined.

$$KR-20 = \frac{K(S^2 - \sum S^2)}{S^2(K-1)}$$

Where:

KR-20 = Reliability coefficient of internal consistency

K = Number of questions used to measure the reliability

$\sum S^2$ = Total variance of overall scores on the entire test

S^2 = Variance of scores on each question

3.8.2 Reliability Results

Even though many of the measures used in this study were adopted from well established scales in the extant literature, it was still necessary to assess the psychometric properties of the constructs. This study investigated the reliability of the independent variables (SCP, SCGP, SPP and STQMP) and the dependent variable (PERFCSR) in order to check for internal consistency. Internal consistency of measures was tested by computing cronbach's alpha coefficients and after running all the 46 items in SPSS, the reliability test results are illustrated in Table 3.3.

Table 3.3 Reliability results

Variable			Number of items	Sample size (N)	Reliability coefficient alpha
Strategic (SCP)	Competitive Practice		9	7	0.974
Strategic Practice (SCGP)	Corporate Governance		9	7	0.982
Strategic Planning Practice (SPP)			9	7	0.981
Strategic Management Practice (STQMP)	Total Quality		9	7	0.984
Performance of CSR (PERFCSR)			10	7	0.987

The table 3.3 indicates that individual variable cronbach's alpha coefficients ranged from 0.974 (SCP) to 0.987 (PERFCSR) revealing a high degree of reliability. The overall measure of independent and dependent variables' cronbach's alpha coefficient computed for the 46 items collectively was 0.981. Since all the reliability results exceeded the 0.70 threshold lower level of acceptability (Sekaran, 2003), the internal consistency reliability of the measures used was considered to be sufficiently excellent and to have adequately measured the study's variables. The results were consistent with the recommendations of DeVellis (2012) who highlights the commonly accepted rule of thumb for explaining internal consistency as follows: $\alpha \geq 0.9$ as excellent, $0.9 > \alpha \geq 0.8$ as good, $0.8 > \alpha \geq 0.7$ as acceptable, $0.7 > \alpha \geq 0.6$ as questionable, $0.6 > \alpha \geq 0.5$ as poor, and $0.5 > \alpha$ as unacceptable.

3.8.3 Validity of the instrument

According to Beaglehole *et. al.*, (2006), validity ensured that there was no systematic error and also the random error was as small as possible. Validity is the level to which an instrument measures what it purports to measure. The validity reflected the extent at which the result of an observation was a true reflection of reality. To ensure internal validity, the questionnaire was simplified in a language that all participants were familiar with. The researcher determined validity by posing a series of standardized questions. The results of the pilot test established that the questionnaire was easy to answer and the questions were easily understood by the respondents.

3.8.4 Data management

Several assumptions were met in this study before subsequent analysis. The researcher came up with a checklist for the data screening. For proper data management, there was need to establish the accuracy of data, missing data, outliers, normality and multicollinearity. To determine the accuracy of data, the data entry was re-checked and also the minimum and maximum values for each variable was checked to ensure that all

the values for each variable was valid on the scale of 1 to 5. The researcher used a research assistant to compare the raw data with the entered data and made any corrections along the way.

The study further took note of the missing data values. There were only a few cases that had missing values at random and were deleted because there seemed to be no pattern or reason in terms of what was missing. To avoid missing data, the respondents were prevailed upon to answer all the questions on a survey. Data collected for the study had all pieces of information for every case. Hair, Black, Babin, Anderson, and Tatham (2006b) note that the important thing in dealing with missing data was to figure out if the data was missing randomly (missing completely at Random-MCAR or missing at Random-MAR) or if there is some pattern to why the data points are missing (missing not at Random-MNAR). According to Hair, Black, Babin and Anderson (2009) if only about 5 percent or less of the data are MCAR or MAR from a large data set almost anything done yield the same results. The missing data was only 3.5 percent for this study.

Sekaran and Bougie (2011) explain how outliers occur in multiple regressions as outliers on the independent variables or on the dependent variable. Therefore, the researcher checked for the outliers, that is, the extreme values on the variables. The outlier is a value that is at least 3 standard deviations above or below the mean. The outlier was done by running the skewness and kurtosis tests as shown in Tables 4.4 and 4.5. Histograms were used to indicate whether the distribution contained outliers. As shown by the histograms on figures 4.1 and 4.2 there were no outliers in this distribution. The outliers were avoided by minimizing the mistakes in the data entry. If there was any, it was detected through frequencies and was fixed through deletion of the variable.

There was need to determine if data followed a normal distribution to facilitate the subsequent analyses. According to Sekaran and Bougie (2011) the assumption of normality is important for fitting linear regression model. Three aspects to normality of a

distribution of skewness, kurtosis and kolmogrov-smirnov tests were done. The skewness described how unevenly the data was distributed with a majority of scores piled up on one side of the distribution and a few trailing off the sides of the distribution. Kurtosis described how peaked or flat the distribution was. If too many or all of the scores piled up on or around the mean, then the distribution was too peaked and therefore it was not normal while normal when a distribution was too flat. Hair *et. al.*, (2009) recommends that skewness and kurtosis Z- scores are determined by hand by dividing skewness value by standard error, and kurtosis value by standard error respectively. In situations where the Z-score was greater than 3.3, then there was a problem. This is shown on Tables 4.4 and 4.5 respectively.

Multicollinearity deals with correlations among variables and if the data had a correlation between two variables that was 0.90 or greater, they are multicollinear. To determine multicollinearity in this study, a bivariate correlation between all of the study variables was run to ensure that all correlations were less or equal to 0.90. Multicollinearity was examined by tolerance and variance inflation factor (VIF) as shown on Tables 4.42 and 4.43.

3.9 Data Analysis and Presentation

Data was analyzed using quantitative techniques. Inferential statistics included Analysis of Variance (ANOVA), Pearson correlation, factor analysis and regression analysis. These were used to establish the association among the study variables and to test the formulated hypotheses. Preliminary associations among the study variables was assessed using correlations which was tested at 95% confidence level (level of significance, $\alpha = 0.05$) and 99 percent confidence level (level of significance, $\alpha=0.01$).

3.9.1 Quantitative Analysis

The data obtained through questionnaires was analyzed; firstly, by calculating response rate and descriptive statistics such as mean, standard deviation and frequency

distributions, which according to Kothari (2012) these measures informed the point about which items had a tendency to cluster and also described the characteristics of the collected data. When the standard deviation was low, it meant that most observations clustered around the mean and when high, it would indicate considerable variations in the responses. Secondly, the data collected on each of the independent variables under study and their influence on performance of CSR of parastatals in Kenya was analyzed using inferential statistics. Multiple regressions were used to determine the type of relationship that existed between the dependent and independent variables. This was done by obtaining an equation which described the dependent variable in terms of the independent variables based on the multiple regression models. To test the hypothesis for this study, the independent variables were regressed against performance of CSR as the dependent variable.

The model specification used in this study was based on the study by Kraus *et. al.*, (2006) which linked strategic management practices and firm performance. The model was also supported by Falshaw and Glaister (2006) who argue that if the purpose of a strategy was to help a parastatal to accurately anticipate and forecast the likely environmental changes, then it was a well known fact that parastatals that engaged in a form of strategic management practice tended to show a better performance of CSR.

In this study, regression analysis was used to test significant effect of independent variables on the measures of overall performance of CSR. The assumptions in the regression model were tested for multicollinearity based on correlation matrix and Variance Inflation Factor (VIF) values which lied between 1 and 10. According to Bryman and Cramer (2005) tolerance values between each pair of independent variables lied between 0 and 0.80, otherwise independent variables with a coefficient more than 0.80 were considered to be having multicollinearity. The multiple linear regression model was adopted (Gravetter & Forzano, 2009). The logistic regression model for this study took the form:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y= Performance of Corporate Social Responsibility

β_0 = Constant or intercept which is the value of dependent variable when all the Independent variables are zero.

β_i = coefficient for X_i ($i=1, 2, 3, 4$)

X_1 =Strategic Competitive Practice.

X_2 =Strategic Corporate Governance Practice.

X_3 =Strategic Planning Practice.

X_4 = Strategic Total Quality Management Practice.

ε = Stochastic or disturbance term or error term.

3.9.2Hypothesis Testing

The study was based on the premise that strategic management practices had an effect on the performance of CSR. Accordingly, four relevant hypotheses were set to guide the study in the conceptual framework. All the hypotheses were tested at 95 percent confidence level (level of significance, $\alpha = 0.05$).To test the stated hypotheses, the p-value was used to test the significance of each independent variable to the dependent variable. If p-value was less than 0.05, we accepted the stated null hypothesis that the variable was significant. This would lead to accepting the stated hypothesis that the independent variables (i.e. SCP, SCGP, SPP and STQMP) had a significant effect on the

dependent variable (PERFCSR). The following table outlines the relevant two-tail hypotheses tests and the respective regression models.

Table 3.4 Study hypotheses and analytical models

Hypothesis statement	Hypothesis test	Decision rule and anticipated model
<p>H₀₁: There is no significant effect of Strategic Competitive Practice (SCP) on Performance of CSR (PERFCSR).</p>	<p>-Karl Pearson (Beta test) product moment. $H_0: \beta_1 = 0$ $H_A: \beta_1 \neq 0$ -To conduct an F - test (ANOVA test) to assess overall robustness and significance of the regression model.</p>	<p>Reject H_{01} if P- value ≤ 0.05 otherwise fail to reject H_{01} if P- value is > 0.05 $PERFCSR = \alpha. + \beta_1 SCP + \varepsilon$ Where: $PERFCSR =$ aggregate mean score of Performance of CSR. $\alpha = y -$ Intercept. $\beta_1 =$ Regression coefficient(beta) $SCP =$ aggregate mean score of strategic competitive practice. $\varepsilon =$ error term- random variation due to other unmeasured factors.</p>
<p>H₀₂: There is no significant effect of Strategic Corporate Governance Practice (SCGP) on Performance of CSR.</p>	<p>-Karl Pearson (Beta test) product moment. $H_0: \beta_2 = 0$ $H_A: \beta_2 \neq 0$ -To conduct an F- test (ANOVA test) to assess overall robustness and significance of the regression model.</p>	<p>Reject H_{02} if P- value ≤ 0.05 otherwise fail to reject H_{02} if P - value is > 0.05 $PERFCSR = \alpha. + \beta_2 SCGP + \varepsilon$ Where : $PERFCSR =$ aggregate mean score of</p>

Performance of CSR.
 α = y- intercept.
 β_2 =Regression coefficient (beta).
 SCGP =aggregate mean score of Strategic corporate governance practice.
 ε = error term random variation due to other unmeasured factors.

<p>H₀₃: There is no significant effect of Strategic Planning Practice (SPP) on Performance of CSR (PERFCSR).</p>	<p>-Karl Pearson (Beta test) product moment. $H_0: \beta_3 = 0$ $H_A: \beta_3 \neq 0$ -To conduct an F – test (ANOVA test) to assess overall robustness and significance of the regression model.</p>	<p>Reject H_{03} if p- value ≤ 0.05 otherwise fail to reject H_{03} if P-value is > 0.05 $PERFCSR = \alpha + \beta_3 SPP + \varepsilon$ Where : $PERFCSR =$ aggregate Mean score of performance of CSR. α = y- intercept. $\beta_3 =$ Regression coefficient (beta) $SPP =$ aggregate mean score of strategic planning practice. ε = error term- random variation due to other unmeasured factors.</p>
<p>H₀₄: There is no significant effect of Strategic Total Quality Management Practice (STQMP) on Performance of CSR (PERFCSR).</p>	<p>-Karl Pearson (Beta test) product moment. $H_0: \beta_4 = 0$ $H_A: \beta_4 \neq 0$ -To conduct an F – test (ANOVA test) to assess</p>	<p>Reject H_{04} if p- value ≤ 0.05 otherwise fail to reject H_{04} if P-value is > 0.05 $PERFCSR = \alpha + \beta_4 STQMP + \varepsilon$ Where :</p>

overall robustness
significance of
regression model.

and PERFCSR= aggregate
the Mean score of
performance of CSR.

α = y- intercept.

β_4 = Regression coefficient
(beta)

STQMP = aggregate mean
score of Strategic Total
Quality Management
Practice.

ε = error term- random
variation due to other
unmeasured factors

3.9.3 Variable Definition and Measurements

This study used a Likert-type scale for item analysis to assess the effect of strategic management practices on the performance of CSR. The assessment scale was five point Likert-type Scale /interval scale on the questionnaire. Patton (2002) posits that Likert scale was easy to use in respondent and stimulus-centered studies.

Table 3.5 Measurement of variables

Variable	Definition	Indicator/measurement
1.Strategic Competitive Practice	1.Cost leadership 2.Differentiation 3.Focus advantage	Extent to which application of strategic competitive practice influences management decisions on CSR initiatives on 1-5 scale.
2.Strategic Corporate Governance practice	1.Transparency 2.Accountability 3.Honesty and disclosure	Extent to which adoption of strategic corporate governance practice influences management decisions on CSR initiatives on 1- 5 scale.
3.Strategic Planning Practice	1.External orientation 2.Internal orientation 3.Functional integration	Extent to which utilization of strategic planning practice influences management decisions on CSR initiatives on 1- 5 scale.
4.Strategic Total Quality Management	1.Customer focus 2.Continual improvement 3.Process orientation	Extent to which adoption of strategic total quality management practice influences management decisions on CSR initiatives on 1- 5 scale.

Practice and supplier
management

5.Performance of CSR 1.CSR ratio
2.CSR reports/
CSR index
3.Reputational
index

-When less than 0.2% of revenue is spent on CSR initiatives there will be no or little performance of CSR but when more than 0.2%of the revenue is spent on CSR initiatives, there will be high performance of CSR (total amount spend on CSR initiatives).

-The presence of information/reports on CSR indicators/strategy was scored with 1 and the absence of relative information with 0.

-Percent of reach for CSR initiatives (% spent on employees and the rest of society at large respectively)

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter described the response rate, data coding and cleaning as well as finding out the factor analysis of the measures of variables. Subsequently, the chapter presented the research results which were presented using a variety of inferential and descriptive statistics that highlighted the major characteristics of the data and tested the study's hypotheses.

4.2 Response Rate

High response rate guarantees that the findings are representative of the target population. Emore (2007) notes that a response rate is the extent to which the collected data takes care of all the sample items, a ratio of actual respondents to anticipated number of persons who respond to the study. Questionnaires were self-administered and the study population comprised of 109 State Parastatals whereby a total of 170 questionnaires were given out by the researcher to respondents, that is, two questionnaires to each of 85 State Parastatals sampled. One hundred and thirty six (136) questionnaires were completely filled, returned and used for analysis in this study. This meant that the active sample was 136 respondents and this represented a response rate of 80 percent of the sample size which fell within a large sample size.

All the thirty (30) questionnaires distributed to Agriculture, Livestock and Fisheries sector were filled and collected which meant one hundred percent (100%) response rate. Similarly, Devolution & Planning and Health sectors registered a one hundred percent (100%) response rate. The one hundred percent (100%) response rate was realized because of the constant reminders through phone calls, emails and follow ups. This sector had the highest response rate and this illustrated how committed it was with performance of CSR. These results are consistent with the findings of Blowfield (2003)

who established that the sector having a high impact on CSR performance was Agriculture and it featured most prominently in many studies. It was also interesting to note that Environment, Water and Natural Resources sector recorded one hundred percent(100%) response rate and this is because the sector dealt with the environmental issues and therefore the results could have been expected. This was in agreement with the studies by Barnett & Salomon (2006) and Orlitzky, Schmidt, and Rynes (2003) who note that as much as performance of CSR was prevalent in those parastatals that were more exposed to environment and more prone towards creating contamination, the interest in performance of CSR as a strategy was increasingly becoming common in every type of business. The results further showed a fair distribution based on the various sectors used to classify the parastatals. This was due to the fact that the study sourced data from across all the available sectors of the parastatals making it a good representative sample that eased the generalizability of the research results. Table 4.1 presents the percentage of response rate of the respondents.

Table 4.1 Response rate results

Sector	Questionnaires distributed	Questionnaires returned	% return
Agriculture, Livestock & Fisheries	30	30	100
Industrialization & Enterprise Development	18	10	56
East African Affairs, Commerce & Tourism	10	8	80
Devolution & Planning	6	6	100
Labor & Social security services	4	2	50
Education, Science & Technology	34	26	76
Environment, Water & Natural Resource	10	10	100
Transport & Infrastructure	16	12	75
Health	6	6	100
National Treasury	16	12	75
Energy & Petroleum	12	8	67
Information Communication & Technology	8	6	75
Total	170	136	80%

Out of the eighteen (18) questionnaires distributed to Industrialization and Enterprise Development sector, ten (10) were filled and returned giving a response rate of fifty six percent (56%). The Education, Science and Technology sector filled and returned twenty six (26) questionnaires out of the thirty four (34) questionnaires distributed which was seventy six percent (76%) response rate. This high response rate could be attributed to the research topic which was eye catching and the timing was proper. Also the drop and

pick method facilitated the response rate. The moderate response rate was in Labor and Social security services sector where two (2) out of the four (4) questionnaires distributed were filled and returned translating to fifty percent (50%). The Energy and Petroleum sector filled and returned eight (8) questionnaires out of twelve (12) questionnaires distributed translating to a sixty seven percent (67%) response rate. This was the third worst sector in terms of response rate. The reasons behind this kind of response rates was due to the insecurity threats and fears the country was facing at the time alongside the corruption scandals within the government departmental cycles and the disbandment of certain parastatals. The low response rates from Labor & Social security services and Industrialization& Enterprise Development sectors could also in itself be an indicator of CSR performance being less prevalent in those sectors.

According to Anderson *et. al.*, (2003) a large sample size provides a smaller margin of error and better precision. Similarly, the response rate was considered adequate for further analysis because Mugenda (2008) recommends a response rate of 60 percent and above as good and adequate for analysis. Zikmund *et.al.*, (2010) note that a response rate of over fifty percent (50%) is adequate for analysis, sixty percent (60%) good while seventy percent (70%) and over to be very good enough. High response rate enhances validity and importance of the findings. Hence, since the overall response rate in this study was eighty percent (80%), it was regarded good and adequate for further analysis.

4.3 Assessment of Data Normality, Linearity and Independence

In order to establish whether the distribution of the study data was normally distributed, Kolmogorov-Smirnov (K-S) one-sample test was computed. According to Malhotra (2007) Kolmogorov-Smirnov (K-S) one-sample test is a non-parametric goodness of fit test that compares the cumulative distribution function for variables within a specific distribution and this was finally computed. Therefore, there was need to establish whether the distribution of the study data was normally distributed before data analysis

to ensure data management and hence, a Kolmogorov-Smirnor (K-S) one sample test was run and the results are shown in Table 4.2.

Table 4.2 Normality of one-sample Kolmogorov-Smirnov test for SMP

Measurements			SCP	SCGP	SPP	STQMP
Sample size			136	136	136	136
Normal Parameter ^a	Mean		3.34554	4.2750	4.4257	4.1699
	Std Deviation		0.85691	0.76843	0.77259	0.98344
Most Extreme Differences	Absolute		0.151	0.180	0.178	0.148
	Positive		0.086	0.076	0.121	0.088
	Negative		-0.151	-0.180	-0.178	-0.148
Kolmogorov-Smirnov Z			1.757	2.104	2.076	1.729
Asymp. Sign. (2-tailed)			0.004	0.000	0.000	0.005

a. Test distribution is Normal

The overall verdict of K-S test using normalized Z-statistic as indicated in Table 4.2 revealed that data on strategic competitive practice, strategic corporate governance practice, strategic planning practice and strategic total quality management practice did not deviate significantly from normal distribution. Therefore, it would be appropriate to engage other statistical tests and procedures that had normality of these variables.

Table 4.3 Normality of One-Sample Kolmogorov-Smirnov test for PERFCSR

Measurements		PERFORMANCE OF CSR
Sample size		136
Normal Parameter ^a	Mean	3.2366
	Std Deviation	0.77169
Most Extreme Differences	Absolute	0.087
	Positive	0.056
	Negative	-0.087
Kolmogorov-Smirnov Z-score		1.017
Asymp. Sign. (2-tailed)		0.252
a. Test distribution is Normal		

The overall verdict of K-S test using normalized Z-statistic as shown in Table 4.3 was that data on performance of CSR did not deviate significantly from normal distribution. Therefore, it was advisable to use statistical tests and procedures that had normality of performance of CSR. To ensure further stronger assessment of the data, normality was performed by use of skewness and kurtosis. Tables 4.4 and 4.5 present the relevant results.

Table 4.4 Normality-skewness and kurtosis tests of strategic management practices

Sample size	136
Skewness	-1.094
Std. Error of Skewness	.208
Skewness Z-score	-5.260
Kurtosis	.826
Std. Error of Kurtosis	.413
Kurtosis Z-score	2

The test results depicted that skewness and kurtosis had Z-scores of -5.260 and 2 for strategic management practices respectively which were not greater than the threshold of 3.3. These results were in agreement with the recommendations of Hair *et. al.*, (2009) who note that in situations where the Z score was greater than 3.3, then there was a problem of normality. The study data of strategic management practices was therefore normally distributed and could be subjected for further analysis. There was also need to check further whether the study data of strategic management practices was normally distributed by constructing histograms with normal curve to see the data distribution. Figures 4.1 and 4.2 present the results.

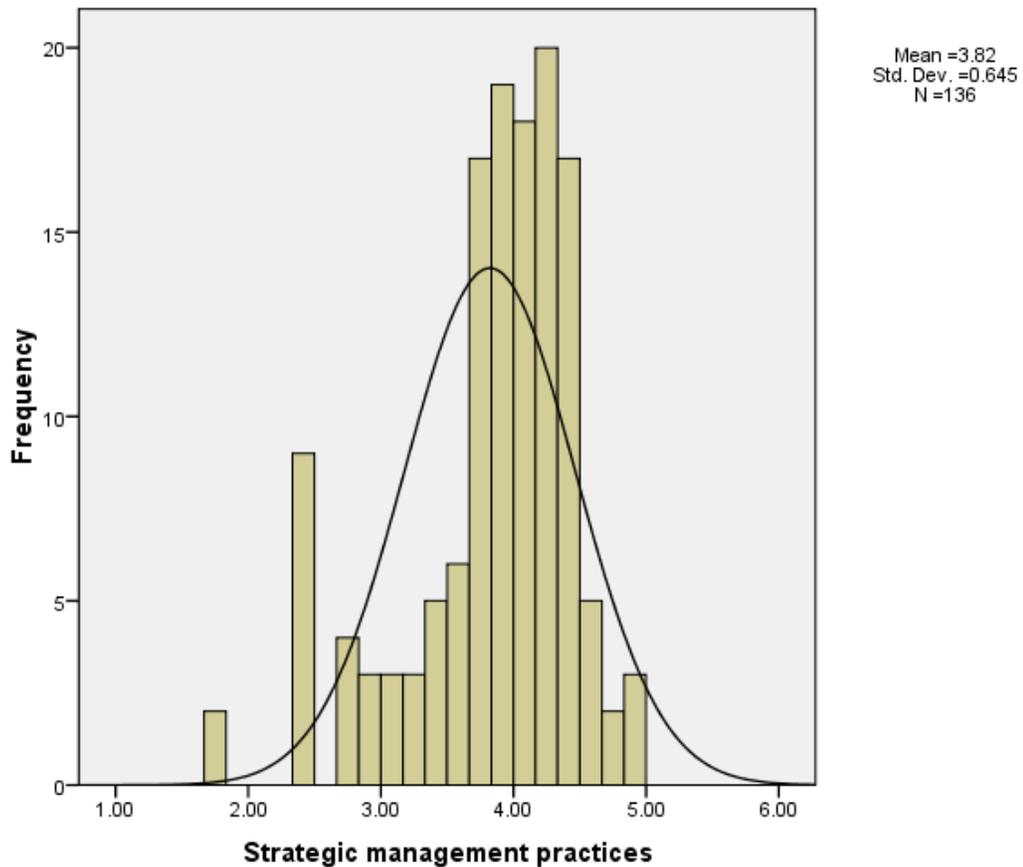


Figure 4.1 Normality-skewness and kurtosis tests for strategic management practices

The histograms in figures 4.1 and 4.2 showed that strategic management practices and performance of CSR were normally distributed. The line (normal curve) depicts that the distributions were truly normal since actual distributions did not deviate so much from this line. Table 4.5 shows that performance of CSR had skewness and kurtosis Z scores of -2.207 and 0.622 respectively. Since these standardized scores were not greater than 3.3 thresholds, it meant that the study data of performance of CSR was normally distributed. These results are in support of the studies of Sekaran and Bougie (2011) who noted that when data distribution had normality, it is possible to undertake any inferential and parametric statistical analysis since the chance of outliers is minimal.

Table 4.5 Normality-Skewness and Kurtosis tests for performance of CSR

Sample size	136
Skewness	-.459
Std. Error of Skewness	.208
Skewness Z-score	-2.207
Kurtosis	.257
Std. Error of Kurtosis	.413
Kurtosis Z-score	0.622

The data in figure 4.2 represents a continuous distribution with a mean of 3.24 and a standard deviation of 0.772. Therefore, according to the rule of 3 standard deviations, an outlier would be a score below $3.24 - (3 \times 0.772) < 0$ or above $3.24 + (3 \times 0.772) = 5.556$. As shown by the histogram below, there are no outliers in this distribution.

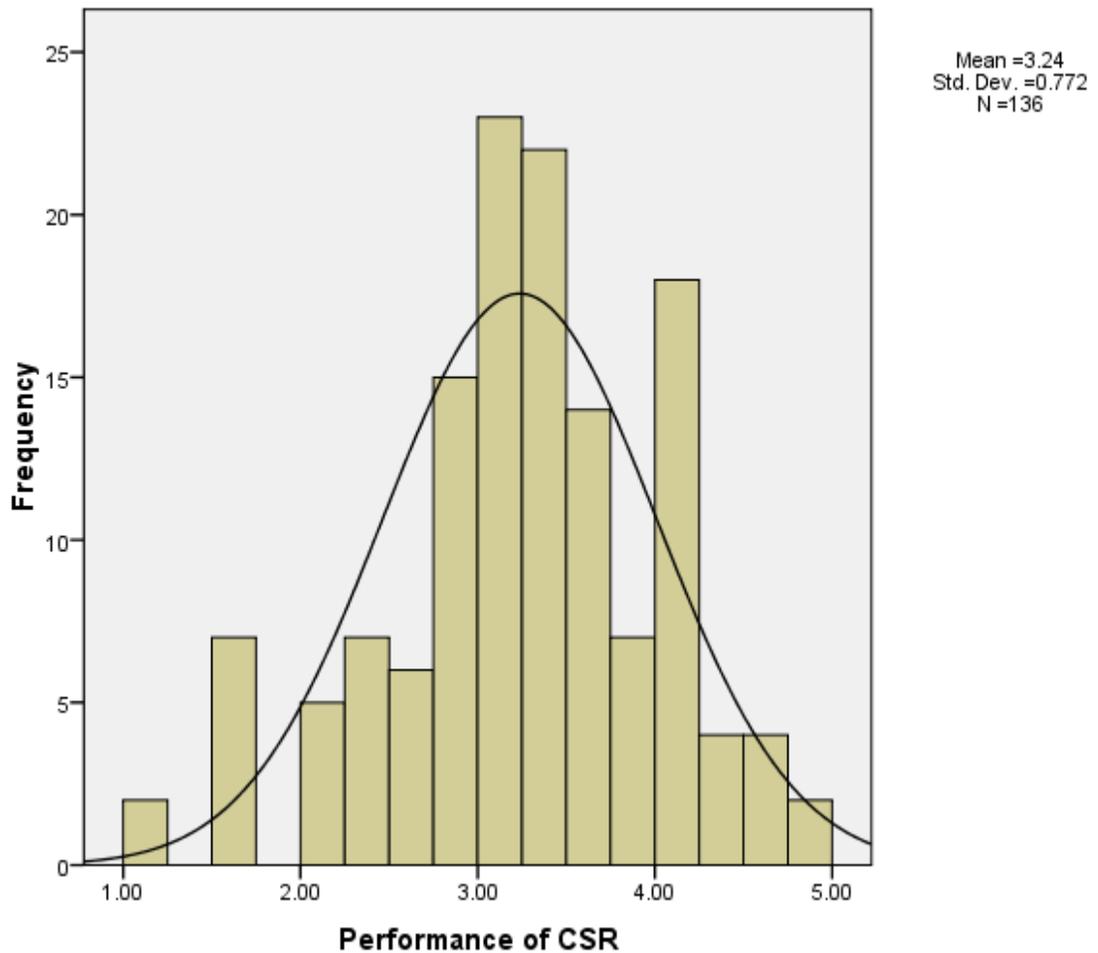


Figure 4.2 Normality- Skewness and Kurtosis tests for performance of CSR

4.4 Demographic results of the Study Population

The demographic characteristics of the respondents in this study was sought through job title of the respondents, working experience of respondents, parastatals' period of operation, and highest level of education of respondents.

4.4.1 Job title

As summarized in Table 4.6, the study found out that majority of the respondents 43.4 percent worked in the rank of managers, with 27.9 percent and less than 25.0 percent of the respondents as Head of departments and administrators respectively. Only 3.7 percent of the respondents were chief executive officers. This meant that CEO's were busy people and could not be accessed so easily and even if they were accessed, they were non-committal on filling the questionnaire.

Table 4.6 Job title

Job title	Frequency	Percent
CEO	5	3.7
Manager	59	43.4
Head of department	38	27.9
Administrator	34	25.0
Total	136	100.0

4.3.2 Managers' experience

Respondents were also asked to indicate how many years they had worked for their parastatals as managers. The Table 4.7 below presents the relevant results.

Table 4.7 Managers' experience

Working		
Experience	Frequency	Percent
Less than 1 year	7	5.1
1-2 Years	11	8.1
3-5 Years	47	34.6
Over 6 years	71	52.2
Total	136	100.0

The study shows in Table 4.7 that 5.1 percent of the managers had a working experience of less than 1 year, 8.1 percent had worked between 1-2 years as managers, and 34.6 percent had worked between 3-5 years, while 52.2 percent had worked as managers for over 6 years.

4.4.3 State Parastatals' Period of operation

The respondents were asked to indicate the period their parastatals had been operational and Table 4.8 presents the relevant results. On the age of the parastatals, the findings showed that majority of the parastatals 94.1 percent had been in existence for more than 6 years, while 2.2 percent and 3.7 percent of the parastatals had existed for 1-2 years and less than 1 year respectively in their operations.

Table 4.8 Parastatals' period of operation

Years of		
Operation	Frequency	Percent
Less than 1 year	5	3.7
1 - 2 Years	3	2.2
Over 6 years	128	94.1
Total	136	100.0

4.4.4 Educational levels

The study also sought to establish the levels of education of respondents. Table 4.9 displays the results.

Table 4.9: Education levels

Education		
Levels	Frequency	Percent
Bachelor's degree	56	41.2
Master's degree	61	44.9
PhD degree	2	1.5
Professional certificate	17	12.5
Total	136	100.0

The findings exhibited that most respondents' highest level of education was master's degree as accounted for by 44.9 percent of the respondents, with 41.2 percent with Bachelor's degree as the highest education level and only 12.5 percent of the respondents with a professional certificate as the highest level of education. Only 1.5 percent of the respondents accounted for respondents having a PhD degree. Generally most of the respondents' level of education was only moderate with about 56 percent reporting to have post-secondary education. This meant that the respondents had adequate knowledge as far as strategy implementation was concerned and performance of CSR for that matter.

It further meant that if it came to the issue of the principles motivating parastatals' CSR behavior, most managers could apply the principle of legitimacy and the principle of managerial discretion. Legitimacy was always understood as a license for a going concern and appreciation by society even if there were no institutionalized expectations.

Due to the high education levels of the managers, they knew the importance of maintaining legitimacy and credibility in a shared environment and gave back to the community from reciprocal benefits and investments. On the sectors the respondents worked, Table 4.10 presents the results below.

4.4.5 Types of CSR initiatives by parastatals

The study also sought to establish the types of CSR initiatives the parastatals engaged in. Table 4.10 presents the results.

Table 4.10 Descriptive of CSR initiatives by parastatals

Type of CSR initiative	Frequency	Percentage
Education	98	72.1
Community involvement	97	71.3
Environmental sustainability	91	66.9
Health	71	52.2
Disaster relief	64	47.1
Children homes and charities	64	47.1
HIV/AIDS	63	46.3
Local sports and cultural activities	55	40.4
N	136	

Key: Ranked on a scale; Low CSR performance (0-50%) and High CSR performance (51-100%).

The results revealed that the highly rated CSR initiatives were on education issues with 72.1 percent, followed by community involvement with 71.3 percent and environmental sustainability with 66.9 percent. However, the lowly rated performance of CSR was reported in local sports and cultural activities with 40.4 percent, followed by HIV/AIDS with 46.3 percent and children homes and charities with 47.1 percent. The results were consistent with studies of Gautam and Singh (2010) who established that most of the companies reported on donations and renovating schools in villages. There was also well

defined expenditure on the performance of CSR by many parastatals. Parastatals' reach for performance of CSR was satisfactory in the sense that 72.1 percent were focusing on vicinity and society at large. There were interesting results regarding the current CSR practices of the sampled parastatals. Majority of the managers reported a voluntary action or philanthropic type scenario of CSR as shown in Table 4.6. When asked about the type of CSR performed, many managers consistently referred to programs revolving majorly around philanthropic donations which ranged from the sponsoring of scholarships and events to donations or programs involving the orphans or handicapped, to volunteering and promoting good learning conditions.

These results are in support of Gulbrandsen (2006) who notes that customers value voluntary non-market action more than non-voluntary action. Similarly, Khoo and Tan (2002) observe that voluntarism reflected managerial commitment to performance of CSR and this was important for good implementation and making sure that the parastatal benefited from more loyal and hence more productive employees. Some parastatals did not have formal CSR program in place and no specific CSR values with their philanthropic CSR activity anchored majorly in principles of generalized community commitments like Kenyans for Kenyans donations.

4.4.6 Disclosure of CSR information

The respondents were asked to indicate whether CSR information was disclosed through their annual reports or not. Table 4.11 presents the results.

Table 4.11 Descriptive of CSR information in parastatals' annual reports

Disclosure of CSR in annual reports	Frequency	Percent
Yes	89	65.4
No	45	33.1
Total	134	98.5

The results in Table 4.11 show that majority of parastatals 65.4 percent disclosed their CSR information in annual reports and only 33.1 percent did not disclose. This meant that the CSR information in the annual reports had a significant connection with strategic management practices and performance of CSR. This study results were consistent with the findings of Gautam and Singh (2010) who established that most companies' reports had a mention of the amount spent in any of their annual reports.

4.4.7 Inclusion of CSR in original strategic plan

Respondents were also asked to indicate whether they advocated for strategic planning as a comprehensive and systematic approach used to establish their parastatals' performance of CSR directions. Table 4.12 presents relevant results.

Table 4.12 Descriptive results of CSR initiatives in parastatals' original strategic plan

CSR initiatives in strategic plan	Frequency	Percent
Yes	93	69.9
No	40	30.1
Total	133	100.0

From the results in Table 4.12, majority of respondents 69.9 percent indicated that CSR initiatives were in their parastatals' original strategic plan. This meant that performance of CSR was formally planned for by the parastatals and this facilitated the management in coming up with right and proper strategic path for the parastatal in entirety (Elbanna, 2010). However, informal planning was equally important as it accounted for 30.1 percent. This meant that the other approach to performance of CSR seemed to be driven by philanthropy other than integrating it with the parastatals.

4.5 Performance of Corporate Social Responsibility

4.5.1 Descriptive for performance of corporate social responsibility

In this section, the study sought to investigate whether performance of corporate social responsibility follows the market positioning or response to pressure from key stakeholders. Table 4.13 shows the relevant statistical results of performance of corporate social responsibility.

Table 4.13 Descriptive results of performance of Corporate Social Responsibility

No	Opinion statement	Sample Size	Mean	Std. deviation	Minimum	Maximum
1	Marketing campaign tool	136	3.6397	1.209	1.00	5.00
2	Enhancement of corporate reputation	136	4.2059	0.959	1.00	5.00
3	Enhancement of public relations	136	4.1471	0.907	1.00	5.00
4	Response to pressure from government	136	2.6176	1.055	1.00	5.00
5	Response to pressure from civil society	136	2.2426	1.208	1.00	5.00
6	Stronger customer loyalty	136	3.3162	1.209	1.00	5.00
7	Improved employee motivation	136	2.8731	1.421	1.00	5.00

Key: Ranked on a scale:1.0-1.7(strongly disagree); 1.8-2.5(disagree); 2.6-3.3(neutral); 3.4-4.1(agree); and 4.2-5.0(strongly agree)

Respondents agreed that performance of corporate social responsibility was due to enhancement of corporate reputation with a mean of 4.2 strongly agreed, followed by enhancement of public relations with a mean of 4.1 agreed, and then finally the marketing campaign tool with a mean of 3.6 agreed. Therefore, on average, most of the respondents strongly agreed that performance of corporate social responsibility was linked with market positioning with a mean of 4.2.

Similarly, some respondents indicated that performance of corporate social responsibility was linked with response to pressure from government with a mean of 2.6 neutral agreement, pressure from civil society with a mean of 2.2 disagreement, CSR initiatives were motivated by stronger customer loyalty with a mean of 3.3 neutral agreement, and lastly CSR initiatives were related to improved employee motivation with a mean of 2.9 neutral agreement. Therefore, on average the respondents neutrally agreed that performance of corporate social responsibility was linked with response to pressure from key stakeholders with a mean of 2.8.

These findings were consistent with the findings by Jamal *et.al.*, (2008) who reported that the performance of CSR was illustrated through reflections obtained on the anticipated benefits of CSR on issues relating to differentiation, enhanced reputation, legitimacy and recognition in the community. The internal benefits of CSR involvement were also reflected in increased employee satisfaction and enhanced innovation. Reflecting further, instrumental approach to CSR was also evidenced in terms of increasing the credibility and trustworthiness of the parastatal in the eyes of internal and external stakeholders.

4.5.2 Performance of Corporate Social Responsibility factor results

Factor analysis was employed to identify the major measures driving the study variables that were measured using multiple construct items. Table 4.14 below presents the relevant results.

Table 4.14 Factor results- Total variance explained for PERFCSR measures

Component No	Initial Eigen values			Extraction sums of squared Loadings		
	Total	% of Variance	of Cumulative %	Total	% of variance	of Cumulative %
1	4.422	44.215	44.215	4.422	44.215	44.215
2	1.938	19.377	63.592	1.938	19.377	63.592
3	0.984	9.840	73.432			
4	0.691	6.907	80.338			
5	0.531	5.310	85.649			
6	0.416	4.165	89.813			
7	0.332	3.321	93.134			
8	0.262	2.616	95.749			
9	0.241	2.410	98.159			
10	0.184	1.841	100.000			

Extraction Method: Principal Component Analysis

The results revealed that the two major factors driving performance of CSR of parastatals cumulatively accounted for 63.592 percent of the total variance in this construct. This meant that 63.592 percent of the common variance shared by the nine variables could be accounted for by the two factors.

A confirmatory factor analysis was done for the dependent variable, performance of corporate social responsibility. The results of this analysis are presented in Table 4.15 and seven (7) out of ten (10) factor loadings were above 0.4 and positive. These results validate that performance of corporate social responsibility in this study had two (2) indicators (performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from

key stakeholders) and they represent one main factor which was performance of corporate social responsibility. Table 4.15 indicates the correlation of each variable with each factor.

Table 4.15 Component matrix for performance of Corporate Social Responsibility

No	Opinion statement	Component	
		1	2
PERF49	Marketing campaign tool	0.818	
PERF50	Enhancement of corporate reputation	0.945	
PERF51	Enhancement of public relations	0.886	
PERF54	Response to pressure from government		0.815
PERF55	Response to pressure from civil society		0.888
PERF56	Stronger customer loyalty	0.525	
PERF57	Improved employee motivation		0.714

Extraction Method: Principal Component Analysis

Rotation method: promax with Kaiser Normalization

- a. Rotation converged in 3 iterations

Reliability test was performed on performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders respectively. The Table 4.16 below presents the results on cronbach alpha and mean scores for performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders respectively.

Table 4.16 Descriptive results of performance of Corporate Social Responsibility

Measurement	Performance of CSR is related with image and stakeholder activism	
	Market positioning	Pressure from stakeholders
Mean	4.00	2.76
Cronbach's Alpha	0.825	0.718

Key: Ranked on a scale; strongly disagree (1.0-1.7), disagree (1.8-2.5), indifferent/neutral (2.6-3.3), agree (3.4 - 4.1) and strongly agree (4.2-5.0).

From Table 4.16 above, the first component/dimension was named as performance of CSR linked with market positioning and the second component/dimension as performance of CSR linked with response to pressure from key stakeholders. Performance of corporate social responsibility linked with market positioning was agreed with a mean of 4.00 and cronbach alpha of 0.825 which was far beyond the minimum threshold whereas performance of corporate social responsibility linked with response to pressure from key stakeholders had a mean of 2.76 with neutral agreement by the respondents and cronbach alpha of 0.718. The agreed respondents' indications on performance of corporate social responsibility linked with market positioning was consistent with the studies of Du *et.al.*, (2010) who established that performance of CSR had favorable effects which were more intangible and included enhanced brand image, customer loyalty and stronger stakeholder relationships. The study results were also consistent with the findings of Gautam and Singh (2010) who established that most companies use performance of CSR as a marketing tool to further spread the word about their business

such as donation of a token amount to some cause on purchase of a specific product or service.

4.5.3 Cross tabulation results for performance of CSR

The analysis sought to determine the level of importance respondents attached to market accessibility while considering decisions on performance of corporate social responsibility. The cross tabulation findings are presented in Table 4.17 below.

Table 4.17 Cross tabulation–Job title and performance of CSR

	Performance of CSR linked with positioning					Total
	No extent	Little extent	Some extent	Great extent	Very great extent	
Job title						
CEO	0%	0%	0%	1.5%	2.2%	3.7%
Manager	1.5%	2.9%	16.9%	14.0%	8.1%	43.4%
HOD	0%	0%	10.3%	11.8%	5.9%	27.9%
Administrator	0%	3.7%	1.5%	17.7%	2.2%	25.0%
Total	1.5%	6.6%	28.7%	45.0%	18.4%	100.0%

A high percentage of the respondents ((45.0%) accepted to a great extent that performance of corporate social responsibility was as a result of market positioning. Overall, most of the respondents (92.1%) indicated that they thought performance of corporate social responsibility was a result of market positioning and categorically either to some extent (28.7%), a great extent (45.0%), or a very great extent (18.4%). The performance of corporate social responsibility linked with market positioning had a great extent acceptance level of forty five percent (45.0%).

The analysis also sought to establish the level of importance respondents attached with response to pressure from key stakeholders while making decisions on performance of corporate social responsibility. The cross tabulation findings are presented in table 4.18.

Table 4.18 Cross tabulation –Job title by performance of corporate social responsibility

	Performance of corporate social responsibility linked with response to pressure from key stakeholders					Total
	No extent	Little extent	Some extent	Great extent	Very great extent	
Job title						
CEO	0%	0%	3.7%	0%	0%	3.7%
Manager	8.9%	10.2%	16.9%	5.9%	1.5%	43.4%
HOD	3.7%	12.4%	6.6%	5.2%	0%	27.9%
Administrator	1.5%	15.5%	6.7%	1.5%	0%	25.0%
Total	14.1%	38.1%	33.9%	12.6%	1.5%	100.0%

A high percentage of the respondents (38.1%) indicated a little extent acceptance that performance of corporate social responsibilities was linked with response to pressure from key stakeholders. Quite a moderate percentage of respondents (33.9%) accepted to some extent that performance of corporate social responsibility was linked with response to pressure from key stakeholders. However, it is important to note that this percentage of respondents had indicated that pressure from key stakeholders was an important determinant of performance of corporate social responsibility because only a small percentage of respondents (14.1%) indicated a no extent acceptance. This clearly shows

that when Parastatals get pressure from key stakeholders, this affected their decisions on performance of corporate social responsibility.

4.6 Effect of strategic competitive practice on the performance of Corporate Social Responsibility

To achieve this specific objective, the study sought to analyze how strategic competitive practice affected the respondents' decision to engage in performance of CSR of parastatals in Kenya. This was sought by considering the cost management and marketing strategy by parastatals. The effect was analyzed by using; descriptive results, factor analysis, cross tabulation and correlation analysis.

4.6.1 Descriptive of strategic competitive practice

The study sought to investigate the effect of strategic competitive practice on performance of corporate social responsibility. Table 4.19 summarizes respondents' degree of agreement on how strategic competitive practice affects performance of corporate social responsibility.

Table 4.19 Descriptive results of Strategic Competitive practice

No	Opinion statement	Sample Size (N)	Mean	Standard deviation	Minimum	Maximum
1	CSR initiative are linked to low cost provision	136	3.2500	1.281	1.00	5.00
2	CSR initiatives achieve low cost leadership	136	3.1103	1.221	1.00	5.00
3	CSR initiatives facilitate price as defense	136	2.8235	1.310	1.00	5.00
4	CSR initiatives are linked to differentiation	136	3.3603	1.184	1.00	5.00
5	CSR initiatives are related to brand loyalty	136	3.4926	1.054	1.00	5.00
6	CSR initiatives are related to customized Products	136	3.1618	1.278	1.00	5.00

Key: Ranked on a scale:1.0-1.7(strongly disagree); 1.8-2.5(disagree); 2.6-3.3(neutral); 3.4-4.1(agree) and 4.2-5.0(strongly agree)

Most of the respondents agreed that performance of corporate social responsibility was related to brand loyalty with a mean of 3.5 agreed, followed closely with CSR initiatives having linkage to differentiation with a mean of 3.4 agreed and lastly CSR initiatives being related to customized products with a mean of 3.2 neutral agreement. Therefore, this shows that most of the respondents agreed to the fact that marketing strategy had an effect on performance of corporate social responsibility.

The results further show that respondents were neutral in response with a mean of 3.3 that CSR initiatives are linked to low cost provision, while a mean of 3.1 and 2.8 which were as well neutral responses were indicated by the respondents that CSR initiatives achieve low cost leadership and CSR initiatives facilitate price as a defense against substitutes respectively. Therefore, on overall, cost management had an effect on performance of corporate social responsibility with a mean score of 3.1 as a neutral agreement. Hence, most parastatals used performance of corporate social responsibility for cost management purposes.

4.6.2 Strategic competitive practice factor results

The strategic competitive practice had a total of nine questions that were assessed for confirmatory validity for subsequent analysis. The result of the factor analysis in table 4.20 below shows that there were two critical factors that were driving strategic competitive practice of parastatals which cumulatively accounted for 71.610 percent of the total variance in this construct. Therefore only two critical factors i.e. first factor had an eigen value =4.412 and the second factor had an eigen value= 2.033.

Table 4.20 Factor results- Total variance explained for SCP measures

Component No	Initial Eigen values			Extraction sums of squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of variance	Cumulative %
1	4.398	48.868	48.868	4.398	48.868	48.868
2	2.018	22.415	71.293	2.018	22.425	71.293
3	0.768	8.532	79.825			
4	0.572	6.354	86.179			
5	0.399	4.435	90.614			
6	0.363	4.029	94.643			
7	0.252	2.797	97.440			
8	0.124	1.382	98.822			
9	0.106	1.178	100.00			

Extraction Method: Principal Component Analysis

Results presented in Table 4.21 shows the components made for the strategic competitive practice. The variable comprised of nine (9) factors. Out of the nine (9) factors, only six (6) factors were retained for subsequent analysis because they all met threshold values of 0.4 and above (David *et. al.*, 2010).

Table 4.21 Component matrix for Strategic Competitive Practice

No	Opinion statement	Component	
		1	2
C12	CSR initiatives are linked to low cost provider	0.855	
C13	CSR initiatives achieve low cost leadership	0.908	
C14	CSR initiatives facilitate price as defense	0.909	
D16	CSR initiatives are linked to differentiation		0.902
D17	CSR initiatives are related to brand loyalty		0.824
F18	CSR initiatives are related to customized products		0.896

Extraction Method: Principal Component Analysis
Rotation method: Promax with Kaiser Normalization
b. Rotation converged in 3 iterations

Reliability test was done for cost management and marketing strategy factors. Results presented in Table 4.22 below presents the cronbach alpha and mean scores for cost management and marketing strategy respectively.

Table 4.22 Descriptive results of strategic competitive practice

Measurement	CSR initiatives are facilitated by cost leadership and differentiation advantage	
	Cost management	Marketing strategy
Mean	3.06	3.44
Cronbach's Alpha	0.893	0.807

Key: Ranked on a scale as; strongly disagree (1.0-1.7), disagree (1.8-2.5), indifferent/neutral (2.6-3.3), agree (3.4 - 4.1) and strongly agree (4.2-5.0).

Using the principal component analysis, rotation method and promax with Kaiser Normalization, this resulted into two components named as cost management and marketing strategy accordingly. Cost management had a mean score of 3.06 and cronbach alpha of 0.893 whereas marketing strategy had a mean score of 3.44 and cronbach alpha of 0.807. The cronbach alpha results in both cases were acceptable and therefore qualified the variables for subsequent analysis. The results show that the component of marketing strategy came highest with a mean of 3.44 agreed while the cost management was rated the least with a mean of 3.06 a neutral agreement. These results are in agreement with studies of Carrol and Shabana (2010) who established differentiation effects where parastatals gained competitive advantages from performance of CSR that sets them apart from their competitors.

Cost management was least rated because majority of the parastatals are extensively owned by the state and therefore many of them do not operate for business purposes, but for other socio-economic reasons. Hence, these parastatals could ignore market economic principles since revenue management, cost control and competition are not priorities for managing the parastatals. These results further indicated clearly that parastatals relied on marketing strategy to plan for the performance of CSR. Most of the respondents to a moderate extent agreed that marketing strategy was worth considering when it came to performance of CSR.

4.6.3 Cross Tabulation Results for Strategic Competitive Practice

The analysis sought to examine the level of importance respondents attached to cost management in considering decisions on performance of corporate social responsibility.

The findings of cross tabulation are presented in table 4.23 below.

Table 4.23 Cross tabulation – Job title and cost management

Job title	Cost management					Total
	Not at all	Small extent	Moderate extent	Great extent	Very great extent	
CEO	0%	2.2%	1.5%	0%	0%	3.7%
Manager	12.5%	4.4%	19.1%	3.0%	4.4%	43.4%
HOD	3.7%	1.5%	16.9%	3.7%	2.2%	27.9%
Administrator	5.1%	5.9%	5.9%	5.9%	2.2%	25.0%
Total	21.3%	14.0%	43.4%	12.6%	8.8%	100.0%

The majority of the respondents (43.4%) accepted to a moderate extent that cost management have a link with the performance of corporate social responsibility, with 12.6% and 8.8% of respondents accepting to a great extent and a very great extent respectively. However, only 21.3% of the total respondents did not accept at all the

linkage of cost management and performance of corporate social responsibility. On overall, 78.8% of respondents indicated some degree of importance attached on cost management while making decisions on performance of corporate social responsibility. It is to be noted that these respondents had indicated that cost management was to a moderate extent a determinant of performance of corporate social responsibility.

The analysis also sought to assess the level of importance respondents attached to marketing strategy while making decisions on the performance of corporate social responsibility. The table 4.24 below depicts the results.

Table 4.24 Cross tabulation – Job title and marketing strategy

	Marketing strategy					Total
	Not at all	Small extent	Moderate extent	Great extent	Very great extent	
Job title						
CEO	0%	1.5%	0%	2.2%	0%	3.7%
Manager	2.9%	9.6%	12.5%	16.9%	1.5%	43.4%
HOD	5.9%	2.9%	1.5%	13.2%	4.4%	27.9%
Administrator	0%	5.2%	9.6%	10.3%	0%	25.0%
Total	8.8%	19.2%	23.6%	42.6%	5.9%	100.0%

The findings of the cross tabulation as presented in Table 4.24 show a high percentage of the respondents (42.6%) accepted to a great extent that marketing strategy had an effect on performance of corporate social responsibility, with 23.6% and 19.2% of respondents accepting to a moderate extent and small extent respectively. However, 8.8% of the respondents did not accept at all. On overall, most of the respondents (91.3%) indicated that marketing strategy had a positive effect on performance of corporate social responsibility.

4.6.4 Correlation matrix for strategic competitive practice and performance of

CSR

The study used correlation technique to assess the association between strategic management practices components and performance of CSR with the Karl Pearson correlation coefficient (rho) analysis which gives a statistic that lies between -1 and +1.

Table 4.25 Correlation results: Cost management, marketing strategy and performance of corporate social responsibility

Dimension	Coefficient type	Coefficient			
		1	2	3	4
Cost management	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	136			
Marketing strategy	Pearson Correlation	.354**	1		
	Sig. (2-tailed)	.000			
	N	136	136		
Performance of CSR linked with market positioning	Pearson Correlation	.142	.322**	1	
	Sig. (2-tailed)	.099	.000		
	N	136	136	136	
Performance of CSR linked with response to pressure from key stakeholders	Pearson Correlation	.142	.324**	.264**	1
	Sig. (2-tailed)	.100	.000	.002	
	N	136	136	136	136

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

Key: 1-Cost management 2-Marketing strategy 3-Performance of CSR linked with market positioning 4-Performance of CSR linked with response to pressure from key stakeholders

Findings presented in Table 4.25 indicate that there was a significant effect and a moderate positive correlation of marketing strategy with performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders ($\rho = 0.322$, $p\text{-value} = 0.000$ and $\rho = 0.324$, $p\text{-value} = 0.000$) at 0.01 level of significance respectively and this was within the threshold $p\text{-value}$ of 0.01. This meant that marketing strategy had a significant effect on performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders of parastatals respectively. The results are in agreement with the findings of Fan (2005) who notes that the success of a parastatals' performance of CSR depended on the relationship with its major stakeholders, understanding of the competitive environment, image and reputation built on transparency, information communication and reporting practices.

However, cost management registered insignificant effect and a negligible weak positive correlation with performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders ($\rho = 0.142$, $p\text{-value} = 0.099$ and $\rho = 0.142$, $p\text{-value} = 0.100$) respectively which was above the threshold of 0.05 level of significance.

4.7 Effect of Strategic Corporate Governance Practice on the Performance of Corporate Social Responsibility

This was the second objective which was to analyze how managers using strategic corporate governance practice could affect their decisions on performance of CSR of parastatals. To carefully realize this specific objective, the following section of analysis considers the effect of this variable using; descriptive results, factor analysis, cross tabulation and correlation analysis.

4.7.1 Descriptive of strategic corporate governance practice

Data on Table 4.26 shows responses on statements regarding the effect of strategic corporate governance practice on performance of corporate social responsibility.

Table 4.26 Descriptive results of Strategic Corporate Governance practice

No	Opinion statement	Sample Size (N)	Mean	Std. deviation	Minimum	Maximum
1	Mechanisms that safeguard interest of stakeholders	136	4.0662	0.862	1.00	5.00
2	Help in building confidence with customers	136	4.2500	0.892	1.00	5.00
3	Company units dealing with business ethics	136	3.8382	0.990	1.00	5.00
4	Corporate codes of conduct	136	4.1618	0.819	1.00	5.00

Key: Ranked on a scale:1.0-1.7(strongly disagree); 1.8-2.5(disagree); 2.6-3.3(neutral); 3.4-4.1(agree) and 4.2-5.0(strongly agree)

On whether good governance helps in rebuilding confidence again with customers to actualize CSR initiatives, a mean of 4.3 by the respondents indicated a strong agreement with the statement. On the statement if parastatals have created codes of conduct as governance strategies for CSR initiatives, a mean of 4.2 by the respondents indicated agreement with the statement. Regarding the statement that parastatals have adopted mechanisms that safeguard the interests of the stakeholders to actualize CSR initiatives, a mean of 4.1 by the respondents indicated agreement with the statement. The data show that a mean of 3.8 by the respondents agreed that parastatals have created units dealing with business ethics as governance strategies for CSR initiatives. Therefore, none of the respondents reported any strong disagreement and disagreement with the statements. These statements formed two components named as openness with a mean of 4.2 and

ethical practice with a mean of 4.0 respectively which indicated in both cases that respondents on average agreed with the statements that openness and ethical practice affected performance of corporate social responsibility.

4.7.2 Strategic corporate governance practice factor results

The component matrix in Table 4.27 indicates the correlation of each variable with each factor and factor analysis was done on effect of Strategic Corporate Governance Practice on performance of CSR using principal component analysis, rotation method, promax with Kaiser Normalization.

Table 4.27 Factor results- Total variance explained for SCGP measures

Component No	Initial Eigen values			Extraction sums of squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of variance	Cumulative %
1	4.934	54.827	54.827	4.934	54.827	54.827
2	1.240	13.780	68.607	1.240	13.780	68.607
3	0.794	8.818	77.426			
4	0.565	6.281	83.707			
5	0.515	5.717	89.423			
6	0.356	3.959	93.382			
7	0.250	2.774	96.156			
8	0.212	2.355	98.511			
9	0.134	1.489	100.000			

Extraction Method: Principal Component Analysis

Two critical factors explained the variance for strategic corporate governance practice. The first factor had an eigen value = 4.934 and the second factor had an eigen value = 1.240 which explained more variance than a single variance.

An elaborate factor weighting and analysis for strategic corporate governance practice was done. The results revealed that out of nine (9) items, five (5) were found to be less than the threshold value of 0.4 and were therefore dropped. This was in consonance with Cooper and Schindler (2013) who assert that factor loadings for data with a value of 0.4 or more are considered for further analysis whereas factors for data with weight of less than 0.4 should be dropped. Table 4.28 presents the components concerning strategic corporate governance practice variable. Five (5) factors were not considered for further analysis and thus subsequently dropped.

Table 4.28 Component matrix for Strategic Corporate Governance Practice

No	Opinion statement	Component	
		1	2
T21	Mechanisms that safeguard interest of stakeholders	0.920	
T22	Help in building confidence with customers	0.910	
A25	Company units dealing with business ethics		0.919
A26	Corporate codes of conduct		0.886

Extraction Method: Principal Component Analysis
 Rotation method: promax with Kaiser Normalization
 a. Rotation converged in 3 iterations

The reliability test for openness and ethical practice was performed to establish whether the coefficients for the variable factors qualified them for subsequent analysis or not. Table 4.29 presents the reliability and mean score results.

Table 4.29 Descriptive results of strategic corporate governance Practice

Measurement	CSR initiatives are actualized by transparency and accountability	
	Openness	Ethical practice
Mean	4.16	4.00
Cronbach's Alpha	0.849	0.762

Key: Ranked on a scale; strongly disagree (1.0-1.7), disagree (1.8-2.5), indifferent/neutral (2.6-3.3), agree (3.4 - 4.1) and strongly agree (4.2-5.0).

The factor results identified two components. From the factor results, the mean score for openness was 4.16 with cronbach alpha of 0.849 and strongly agreed by the respondents. The second component that received high rating was ethical practice with a mean score of 4.00 and cronbach alpha of 0.762 and agreed by the respondents. Therefore, openness and ethical practice are mechanisms that actualize CSR initiatives. These results are consistent with the studies of Jamali, Hallal and Abdallah (2010) who established that the motivation for social responsibility stemmed from the mission and goals of the organizations, belief and nature of the community.

4.7.3 Cross Tabulation Results for Strategic Corporate Governance Practice

The analysis sought to evaluate the level of importance respondents attached to openness while making decisions on performance of corporate social responsibility. The findings of cross tabulation are presented on Table 4.30 below.

Table 4.30 Cross tabulation –job title and openness

	Openness					Total
	Strongly disagree	Disagree	Indifferent	Agree	Strongly Agree	
Job title						
CEO	0%	0%	0%	1.5%	2.2%	3.7%
Manager	1.5%	0%	2.2%	26.5%	13.2%	43.4%
HOD	0%	0%	2.2%	22.8%	2.9%	27.9%
Administrator	2.2%	1.5%	3.0%	17.0%	1.5%	25.0%
Total	3.7%	1.5%	7.4%	67.8%	19.8%	100.0%

The researcher observed that 67.8% of respondents in this study agreed that openness had linkage with the performance of corporate social responsibility, with 19.8% of respondents strongly agreeing. In addition, 7.4% of respondents were indifferent in their decisions and only 1.5% of respondents disagreed that openness had an effect on performance of corporate social responsibility. However, on overall, 87.6% of respondents clearly indicated that openness did have an effect on performance of corporate social responsibility.

4.7.4 Correlation matrix of strategic corporate governance practice and performance of CSR

Table 4.31 presents the findings of correlation analysis between openness, ethical practice and performance of corporate social responsibility linked with market

positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders.

Table 4.31 Correlation matrix of strategic corporate governance practice and performance of CSR

Dimension	Coefficient type	Coefficient			
		1	2	3	4
Openness	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	136			
Ethical practice	Pearson Correlation	.330**	1		
	Sig. (2-tailed)	.000			
	N	136	136		
Performance of CSR linked with market positioning	Pearson Correlation	.320**	.359**	1	
	Sig. (2-tailed)	.000	.000		
	N	136	136	136	
Performance of CSR linked with response to pressure from key stakeholders	Pearson Correlation	.178*	.009	.264**	1
	Sig. (2-tailed)	.038	.920	.002	
	N	136	136	136	136

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

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

Key: 1-Openness 2-Ethical practice 3-Performance of CSR linked with market positioning 4-Performance of CSR linked with response to pressure from key stakeholders

From Table 4.31 above, use of openness was moderately and positively associated with Performance of corporate social responsibility linked with market positioning (rho =0.320, p-value <0.000) significant at 0.01 level of significance as the correlation matrix

indicates. As performance of corporate social responsibility linked with market positioning increases, use of openness also increases.

Similarly, the results of the correlation analysis depict that ethical practice was moderate but positively and significantly related with performance of corporate social responsibility linked with market positioning ($\rho=0.359$, $p\text{-value}=0.000$) significant at 0.01 level of significance whereas openness have a significant and a weak positive effect on performance of corporate social responsibility linked with response to pressure from key stakeholders ($\rho=0.178$, $p\text{-value}<0.038$) at 0.05 level of significance. The results also highlight that ethical practice have a small significant and a moderate positive effect on performance of corporate social responsibility linked with response to pressure from key stakeholders ($\rho = 0.359$, $p\text{-value} = 0.000$) at 0.01 level of significance. This implies that any increase on adoption of ethical practice would bring about an increase in performance of corporate social responsibility linked with market positioning.

These results were in agreement with what was said that CSR performance in Africa could not be separated from the social-political reform process which forced business behavior in the direction of integrating social and ethical issues (De Oliveira, 2006). However, ethical practice have insignificant and a weak positive effect on performance of corporate social responsibility linked with response to pressure from key stakeholders ($\rho = 0.009$, $p\text{-value} = 0.920$) at 0.05 level of significance. These results are echoed by Kapoor and Sandhu (2010) who argued that accountability and transparency are key to conducting business in a responsible manner.

4.8 Effect of strategic planning practice on the performance of Corporate Social Responsibility

This was the third objective which established if strategic planning practice affected the managers' decisions to engage in performance of CSR. The analysis done included; descriptive results, factor analysis, cross tabulation and correlation analysis.

4.8.1 Descriptive of strategic planning practice

Respondents were approached with different statements seeking the effect of strategic planning practice on the performance of corporate social responsibility. The indicator which was hypothesized as having effect on the performance of corporate social responsibility was formal planning. The results of the findings are presented in Table 4.32.

Table 4.32 Descriptive results of Strategic Planning Practice

No	Opinion statement	Sample Size (N)	Mean	Std. deviation	Minimum	Maximum
1	Efforts guide necessary activities to environmental issues	136	4.3750	0.894	2.00	5.00
2	Analysis of community essential prerequisite of efficient performance	136	4.3309	0.878	2.00	5.00
3	Systematic monitoring of environmental conditions through use of analytical tech.	136	3.9559	1.017	1.00	5.00
4	Analysis of internal capabilities provides information	136	4.2426	0.803	2.00	5.00
5	Analysis of weaknesses generates information	136	4.1029	1.049	1.00	5.00
6	Analysis of internal stakeholders develop insight	136	4.2647	0.968	1.00	5.00
7	Involvement of employees in strategic conversation	136	4.2647	1.056	1.00	6.00
8	Various functional areas enhance quality of customer experience	136	4.0368	0.969	2.00	6.00
9	Functional integration provide necessary knowledge	136	4.1324	1.060	2.00	6.00

Key: Ranked on a scale:1.0-1.7(strongly disagree); 1.8-2.5(disagree); 2.6- 3.3(neutral);3.4-4.1(agree) and 4.2-5.0(strongly agree)

Strategic planning efforts that guide necessary activities to adapt to the environmental issues to actualize CSR initiatives was indicated by a mean of 4.4 for strongly agreed by the respondents. Analysis of internal stakeholders' issues in developing insight into the practices necessary to demonstrate responsible care of employees was indicated with a mean of 4.3 strongly agreed and also a similar mean of 4.3 for strongly agreed was indicated on involvement of employees in strategic conversation to develop practices that demonstrate increased social responsibility towards internal stakeholders. A mean of 4.3 by the respondents was strongly agreed that analysis of community based issues was an essential prerequisite of efficient performance to actualize CSR initiatives. A mean of 4.0 was agreed by respondents that systematic monitoring of environmental conditions was facilitated through use of analytical techniques to actualize CSR initiatives. A mean of 4.2 was agreed by the respondents with the statement that analysis of internal capabilities provides information to prompt actualizing CSR initiatives.

Also a mean of 4.1 was still agreed by the respondents that analysis of weaknesses generate information that guides actions in uncertain environments to actualize CSR initiatives. The mean scores of 4.0 and 4.1 showed that the statements were both agreed by the respondents that various functional areas coordinate activities to enhance quality of customer experience resulting in demonstrable CSR initiatives and functional integration provides the necessary knowledge for developing activities that demonstrate CSR initiatives to stakeholders respectively.

4.8.2 Strategic planning practice factor results

The results in Table 4.33 reveal that there was only one major factor driving strategic planning practice of the parastatals, cumulatively accounting for 61.756 percent of the total variance in this construct.

Table 4.33 Factor results-Total variance explained for SPP measures

Component No	Initial Eigen values			Extraction sums of squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of variance	Cumulative %
1	5.558	61.756	61.756	5.558	61.756	61.756
2	0.924	10.268	72.024			
3	0.667	7.408	79.432			
4	0.579	6.436	85.868			
5	0.379	4.212	90.079			
6	0.263	2.926	93.005			
7	0.247	2.749	95.754			
8	0.226	2.516	98.270			
9	0.156	1.730	100.000			

Extraction Method: Principal Component Analysis

Results presented in Table 4.34 reflect the components made for the strategic planning practice as an independent variable after the factor loadings. The variable had nine (9) factors and all were considered for further subsequent analysis because they all fulfilled the threshold loading value of 0.4 and above (David *et.al.*, 2010). Table 4.34 presents the results.

Table 4.34 Component matrixa for Strategic Planning Practice

No	Opinion statement	Component 1
E30	Efforts guide necessary activities to environmental issues	0.818
E31	Analysis of community essential prerequisite of efficient performance	0.765
E32	Systematic monitoring of environmental conditions by use of analytical techniques.	0.759
I33	Analysis of internal capabilities provides information	0.737
I34	Analysis of weaknesses generates information	0.827
I35	Analysis of internal stakeholders develop insight	0.845
F36	Involvement of employees in strategic conversation	0.802
F37	Various functional areas enhance quality of customer experience	0.718
F38	Functional integration provide necessary knowledge	0.793

Extraction Method: Principal Component Analysis

a. 1 component extracted.

The reliability test was performed for formal planning factor. Results depicted in Table 4.35 below present the cronbach alpha coefficient and mean score for formal planning factor. This coefficient value was acceptable since it was above 0.7 threshold value recommended for subsequent inferential analysis.

Table 4.35 Descriptive results of Strategic Planning Practice

	CSR initiatives are facilitated by strategic planning practice
	Formal planning
Measurement	
Mean	4.43
Cronbach's Alpha	0.921
<p>Key: Ranked on a scale; strongly disagree (1.0-1.7), disagree (1.8-2.5), indifferent/neutral (2.6-3.3), agree (3.4 - 4.1) and strongly agree (4.2-5.0).</p>	

In Table 4.35 the factor results show that there was only one component driving strategic planning practice of parastatals and all loadings were high. According to Hair, Black, Babin and Anderson (2010) a statement with more than 0.4 which is the minimum threshold for inclusion of variables for subsequent analysis should be included into the final model. All the statements on this variable were included and considered for further analysis.

The study considered formal planning as a component of strategic management practice with a mean score of 4.43 and cronbach's alpha of 0.921 and strongly agreed by respondents. These results meant that for any parastatal to be seen in meaningful performance of CSR, the consideration of formal planning was critical.

4.8.3 Cross Tabulation Results for Strategic Planning practice

The analysis sought to examine the level of importance attached by respondents to formal planning while making decisions on performance of corporate social responsibility. The results of the cross tabulation are presented in Table 4.36 below.

Table 4.36 Cross Tabulation –Job Title and Formal Planning

Job title	Formal planning					Total
	Not at all important	Not so important	Somewhat important	Fairly important	Very important	
CEO	0%	0%	0%	0%	3.7%	3.7%
Manager	0%	0%	3.0%	16.2%	24.3%	43.4%
HOD	0%	2.2%	0%	8.8%	16.9%	27.9%
Administrator	2.2%	3.0%	0%	8.8%	11.0%	25.0%
Total	2.2%	5.2%	3.0%	33.8%	55.9%	100.0%

The results of the study indicated that 55.9% of respondents considered formal planning as very important when considering decisions on performance of corporate social responsibility, with 33.8% and 3.0% of respondents accepting as fairly important and somewhat important respectively. However, only a small percentage of respondents (5.2%) indicated that formal planning was not so important. Overall, many of the respondents (92.7%) indicated that formal Planning enhanced performance of corporate social responsibility.

4.8.4 Correlation matrix for strategic planning practice and performance of CSR

When formal planning was correlated with performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders, the following results in Table 4.37 were evident on the relationship.

The correlation results in Table 4.37 indicate that formal planning was moderately but positively and significantly related with the performance of corporate social responsibility linked with market positioning ($\rho = 0.309$, $p\text{-value} = 0.000$) at 0.01 level

of significance. These findings are in agreement with findings of Masood, Hazoor, Bashir and Hammad (2012) who proposed that formal planning has its links with performance of CSR because organizations which systematically assessed environmental conditions, allocated resources for planning and assured functional integration to address both market and non-market issues. This practice always results in evident performance of Corporate Social Responsibility.

Table 4.37 Correlations results - formal planning and performance of corporate social responsibility

Dimension	Coefficient type	Coefficient		
		1	2	3
Formal planning	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	136		
Performance of CSR linked with market positioning	Pearson Correlation	.309**	1	
	Sig. (2-tailed)	.000		
	N	136	136	
Performance of CSR linked with response to pressure from key stakeholders	Pearson Correlation	.162	.264**	1
	Sig. (2-tailed)	.060	.002	
	N	136	136	136

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

Key: 1-Formal planning 2-Performance of CSR linked with market positioning 3-Performance of CSR linked with response to pressure from key stakeholders

However, formal planning have insignificant and positive effect on performance of corporate social responsibility linked with response to pressure from key stakeholders ($\rho = 0.162$, $p\text{-value} = 0.060$) at 0.05 level of significance. This result is in tandem with findings of Masood *et.al.*, (2012) who established that organizations spend enormous efforts on formal planning without touchable good results and this raises queries on the importance of formal planning. On the other hand, there was a significant and positive association between performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders ($\rho = 0.264$, $p\text{-value} = 0.002$) significant at 0.01 level of significance.

4.9 Effect of strategic total quality management practice on the performance of Corporate Social Responsibility

In this fourth objective, the study sought to evaluate whether adoption of strategic total quality management practice indeed stimulated managers of parastatals to engage in performance of CSR. To critically determine if this variable had an effect on the decision of managers to engage in performance of CSR, this was assessed using; descriptive analysis, factor analysis, cross tabulation and correlation analysis.

4.9.1 Descriptive of strategic total quality management practice

The study responded to the objective which sought to examine whether strategic total quality management practice affects performance of corporate social responsibility of Parastatals in Kenya. The study sought to shed light on effect of quality management on performance of corporate social responsibility. The results of the descriptive statistics are presented in Table 4.38 below.

Table 4.38 Descriptive results of Strategic Total Quality Management Practice

No	Opinion statement	Sample Size (N)	Mean	Std. deviation	Minimum	Maximum
1	Development of partnerships with key stakeholders	136	3.9853	1.061	1.00	5.00
2	Doing the right thing of respecting stakeholders	136	4.0368	1.064	1.00	5.00
3	Value based behavior of valuing people	136	4.0294	1.011	1.00	5.00
4	Focus on meeting needs of customers & stakeholders	136	4.1029	1.137	1.00	5.00
5	Openness of sharing and communicating information	136	4.000	1.026	1.00	5.00
6	Delivering high quality services	136	3.6471	1.308	1.00	5.00
7	Integrate customer information from various functions	136	3.7353	1.083	1.00	5.00
8	Designed to enhance quality of customer interaction	136	3.7647	1.124	1.00	5.00
9	Focus on customer needs and designing business processes	136	3.8162	1.150	1.00	5.00

Key: Ranked on a scale:1.0-1.7(strongly disagree); 1.8-2.5(disagree); 2.6-3.3(neutral)3.4-4.1(agree) and 4.2-5.0(strongly agree)

A mean of 4.0 was agreed by the respondents that CSR initiatives were related to doing the right thing of respecting the interest of wider stakeholders, CSR initiatives were related to value-based behavior of valuing people as the root to sustainable performance and CSR initiatives were related to openness of sharing and communicating information

widely. Similarly, development of partnership with key stakeholders, focus on meeting needs of customers and stakeholders, delivering high quality services, integration of customer information from various functions, CSR initiatives designed to enhance the quality of customer interactions through business processes and focus on customer needs and designing business processes reported mean scores of 4.0, 4.1, 3.6, 3.7, and 3.8 respectively and these response mean scores of the statements were agreed. This shows that respondents believed that the performance of corporate social responsibility could to a large extent be explained by quality management by an average of 4.2 agreed.

4.9.2 Strategic total quality management practice factor results

The results of the factor analysis in Table 4.39 revealed that there was only one factor driving strategic total quality management practice of the parastatals which accounted for the total variance in this construct.

Table 4.39 Factor results-Total variance explained for STQMP measures

Component No	Initial Eigen values			Extraction sums of squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of variance	Cumulative %
1	6.453	71.700	71.700	6.453	71.700	71.700
2	0.781	8.677	80.378			
3	0.614	6.828	87.206			
4	0.328	3.646	90.852			
5	0.282	3.129	93.980			
6	0.185	2.059	96.040			
7	0.160	1.776	97.815			
8	0.107	1.189	99.004			
9	0.090	0.996	100.000			

Extraction Method: Principal Component Analysis

Before the data was subjected for subsequent inferential analysis, factor loading analysis was performed to give chance to retention or discarding of some factors. The strategic total quality management practice had nine questions in which all the nine were confirmed valid because they all had a factor loading of above 0.4 threshold recommendation. None of the statements on this variable were required to be dropped since the quality management component was above 0.4 which is recommended (Hair, Black, & Babin, 2010). Table 4.40 below presents the relevant results on the Component matrix of strategic total quality management practice.

Table 4.40 Component matrixa for Strategic Total Quality Management Practice

No.	Opinion statement	Component 1
CF39	Development of Partnerships with key stakeholders	0.855
CF40	Doing the right thing of respecting stakeholders	0.822
CF41	Value based behavior of valuing people	0.767
CI42	Focus on meeting needs of customers & stakeholder	0.878
CI43	Openness of sharing and communicating information	0.719
CI44	Delivering high quality services	0.849
PO45	Integrate customer information from various functions	0.903
PO46	Designed to enhance quality of customer interaction	0.898
PO47	Focus on customer needs and designing business processes	0.909

Extraction Method: Principal Component Analysis

a. 1 component extracted.

The reliability test for quality management was done. Table 4.41 below presents the cronbach alpha coefficient and mean score for Quality management variable of 0.950. This was acceptable since it was far above 0.7 threshold value for further subsequent analysis.

Table 4.41 Descriptive results of strategic total quality management practice

CSR initiatives are related with strategic total quality management	
Quality management	
Measurement	
Mean	4.17
Cronbach's Alpha	0.950
<p>Key: Ranked on a scale; strongly disagree (1.0-1.7), disagree (1.8-2.5), indifferent/neutral (2.6-3.3), agree (3.4 - 4.1) and strongly agree (4.2-5.0).</p>	

Table 4.41 shows quality management component that was extracted. From the factor results, quality management registered a mean score of 4.17 with cronbach's alpha of 0.950 which was acceptable and far beyond the minimum threshold required. On overall therefore, quality management have an effect on performance of CSR with a mean of 4.17. This finding was in agreement with a study of Kotler and Lee (2005) who established that today's customers were not only concerned about the quality or the price of products or services but also about the way the product have been produced and if the process has harmed the society, its resources or its people.

4.9.3 Cross tabulation results for strategic total quality management

The analysis sought to find out the level of importance respondents attached on quality management while making decisions on performance of corporate social responsibility. The result of the cross-tabulation is presented in Table 4.42 below.

Table 4.42 Cross tabulation –Job title and Quality management

	Quality management					Total
	Not at all	Small extent	Moderate extent	Great extent	Very great extent	
Job title						
CEO	0%	0%	0%	1.5%	2.2%	3.7%
Manager	2.9%	3.0%	8.1%	13.3%	16.2%	43.4%
HOD	0%	2.2%	2.2%	10.3%	13.3%	27.9%
Administrator	0%	3.7%	3.7%	7.4%	10.3%	25.0%
Total	2.9%	8.9%	14.0%	32.5%	42.0%	100.0%

As shown in Table 4.42, overall, 97.4% of respondents generally accepted that quality management had an effect on performance of corporate social responsibility. However, Forty two percent (42.0%)of respondents indicated acceptance to a very great extent, 32.5% of respondents to a great extent, while 14% and 8.9% of respondents indicated to a moderate extent and a small extent acceptance respectively. In conclusion, Table 4.42 illustrates that quality management was indeed a key factor affecting performance of corporate social responsibility.

4.9.4 Correlation matrix for strategic total quality management practice and performance of corporate social responsibility

The correlation analysis was done between quality management and performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders. Table 4.43 below presents the relevant results.

Table 4.43 Correlation results- Quality management and performance of corporate social responsibility

Dimension	Coefficient type	Coefficient		
		1	2	3
Quality management	Pearson	1		
	Correlation			
	Sig. (2-tailed)			
	N	136		
Performance of CSR linked to market positioning	Pearson	.607**	1	
	Correlation			
	Sig. (2-tailed)	.000		
	N	136	136	
Performance of CSR linked to response to pressure from key stakeholders	Pearson	.482**	.264**	1
	Correlation			
	Sig. (2-tailed)	.000	.002	
	N	136	136	136

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

Key: 1-Quality management 2-Performance of CSR linked to market positioning 3-Performance of CSR linked to pressure from key stakeholders

Quality management was found to be significantly but also strongly and positively correlated with Performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders respectively ($\rho = 0.607$ and $\rho = 0.482$, $p\text{-value} = 0.000$) significant at 0.01 level of significance in both cases. This implies that increase of the use of quality management increases performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders.

These results are in tandem with the studies of Tari and Claver (2008) who in their study on the individual effects of total quality management on customers, people and society results and quality performance in SMEs found out that customer focus was positively related to performance of CSR because when a firm knows the customers' current and future needs, expectations and complaints accurately and on time, the firm can invest in performance of CSR so as to improve its sales, market share and total profitability. The findings are also supported by Parast and Adams (2012) who established in their study of CSR, benchmarking and organizational performance in the petroleum industry that process management practice improves social responsibility and customer results. There was also a positive and significant association between performance of corporate social responsibility linked with response to pressure from key stakeholders and performance of corporate social responsibility linked with market positioning ($\rho = 0.264$, $p\text{-value} = 0.002$) at 0.01 level of significance.

4.10 Multiple linear regression analysis of strategic management practices and performance of Corporate Social Responsibility

The study was set out to evaluate the overall effect of all independent variables, that is, competitive strategy, governance practice, formal planning and quality management on performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key

stakeholders. The relevant investigation of the study was to assess the effect of strategic management practices on the performance of CSR of parastatals. The mean scores of competitive strategy, governance practice, formal planning and quality management were collectively regressed against the mean score of performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders and the regression results are presented in Tables 4.44 and 4.45 respectively.

4.10.1 Model summary for SMPs and Performance of CSR

In Tables 4.44 and 4.45, the coefficient R was 61.9 percent and 58.8 percent accordingly which shows that the independent variables explained 61.9 percent and 58.8 percent respectively in performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders. The remaining 38.1 percent and 40.2 percent of changes was identified by other factors not captured in the model. The results further suggest that these models were good to improve the performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders of parastatals because they affected 61.9 percent and 59.8 percent of performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders accordingly.

The model equations; Performance of corporate social responsibility linked with market positioning = $\beta_0 + \beta_1$ Competitive strategy + β_2 Governance practice + β_3 Formal planning + β_4 Quality management; and Performance of corporate social responsibility linked with response to pressure from key stakeholders = $\beta_0 + \beta_1$ Competitive strategy + β_2 Governance practice + β_3 Formal planning + β_4 Quality management explained 38.3 percent and 35.8 percent respectively as measured by the goodness of fit and hence explained 38.3 percent and 35.8 percent of the variation in performance of corporate

social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders(R square =0.383 and 0.358 respectively).

This indicated that the variables; Competitive strategy, Governance practice, Formal planning and Quality management combined explained 38.3 percent and 35.8 percent of the variation in performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders but the remaining 61.9 percent and 64.2 percent of changes are identified by other factors not captured in the model. This was a strong significant effect as it was beyond 30 percent threshold and it appeared that the models as a whole were quite significant.

Table 4.44 Model Summary-regression of strategic management practices and performance of corporate social responsibility linked with market positioning

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.619 ^a	.383	.364	.70916

a. Predictors: (Constant), Quality management, Competitive strategy, Formal planning, Governance practice

The Table 4.45 presents the coefficient of determination (R-squared) results for effect of strategic management practices on performance of corporate social responsibility linked with response to pressure from key stakeholders.

Table 4.45 Model Summary-regression of strategic management practices and performance of corporate social responsibility linked with response to pressure from key stakeholders

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.598 ^a	.358	.338	.74198

a. Predictors: (Constant), Quality management, Competitive strategy, Formal planning, Governance practice

The adjusted R square was 0.364 and 0.338 which meant that on an adjusted basis, the independent variables were collectively 36.4 percent and 33.8 percent effective on dependent variable (performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders).The researcher took note that because a high R-square (coefficient of determination) was more critical in time series analysis, the calculated R-squares for this OLS regressions were satisfying for this research reflecting sufficient validity. The researcher interprets the effect of this particular data set as reflective that parastatals ranking higher on the strategic management practices also have higher performance of CSR when measured. Therefore, the support for the hypotheses was found.

4.10.2 ANOVA F –Test results for SMPs and Performance CSR

The ANOVA test was done to test the significance of the models and to test the existence of variable variations within the models. The Table 4.46 shows the results.

Table 4.46 ANOVA results of Strategic Management Practices and performance of corporate social responsibility linked with market positioning

Model 1	Sum of Squares	df	Mean Square	F	Sig.
¹ Regression	40.896	4	10.224	20.330	.000 ^a
Residual	65.881	131	.503		
Total	106.777	135			

a. Predictors: (Constant), Quality management, Competitive strategy, Formal planning, Governance practice

b. Dependent Variable: Performance of CSR linked with market positioning.

The ANOVA results in Table 4.46 and 4.47 show that the models of strategic management practices (Competitive strategy, Governance practice, Formal planning and Quality management) and performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders was significant at 0.000 (F-statistic=20.33, P-value<0.05 and F-statistic=18.26, P-value< 0.05) and explained the variance in performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders of parastatals in Kenya.

The Table 4.47 below presents the results on the fitness of the model while considering effect of strategic management practices on performance of corporate social responsibility linked with response to pressure from key stakeholders.

Table 4.47 ANOVA F-results of Strategic Management Practices and performance of corporate social responsibility linked with response to pressure from key stakeholders

Model 2	Sum of Squares	df	Mean Square	F	Sig.
¹ Regression	40.201	4	10.050	18.256	.000 ^a
Residual	72.119	131	.551		
Total	112.320	135			

a. Predictors: (Constant), Quality management, Competitive strategy, Formal planning, Governance practice

b. Dependent Variable: Performance of CSR linked with response to pressure from key stakeholders

This meant that the models adopted in the study were both significant and the variables tested fitted well in the models. The F- tests displayed that the null hypotheses was rejected, thus the models were valid since all of four regression variables were significant. The results of variance (ANOVA) are presented in Tables 4.46 and 4.47 above.

4.10.3 Coefficients Regression Results for SMPs and performance of CSR

Since the general objective of the study was to analyze the effect of strategic management practices on the performance of Corporate Social Responsibility, the multiple linear regression models were used to assess the overall effect of independent variables on dependent variable.

The ordinary least squares multiple regressions were used to determine whether there was a significant effect of strategic management practices on performance of Corporate Social Responsibility in this study. One of the problems that may violate the assumptions of Ordinary Least Square regression was multicollinearity. Multicollinearity occurs when any independent variable is highly correlated with any of the other independent variables in the regression model. Multicollinearity was therefore examined by computing tolerance and the variance inflation factor. According to Hair *et.al.*, (2010) a small tolerance value indicated that the variable under study was almost a perfect linear combination of the independent variables in the equation and therefore the variable should not be included in the regression equation. Tolerance is the proportion of a variable's variance that is not accounted for by the other independent variables in the equation. It was also argued that a tolerance value less than 0.1 should be investigated further. Similarly, all the regression model was subjected to statistical collinearity tests which determined that the study variables had a high tolerance level and were free from multicollinearity since none of the Variance Inflation Factor for all the study's regression models went beyond 10 and tolerance values close to 0 which are the threshold beyond which multicollinearity was a problem (Anderson *et. al.*, 2003).

When Variance Inflation Factor was computed in strategic management practices and performance of CSR model, all the independent variables had tolerance values greater than 0.1 and Variance Inflation Factor less than 10 as shown in Table 4.48 and 4.49. The relevant results in Table 4.48 and 4.49 showed that all variables had Variance Inflation Factor values which ranged from a low of 1.417 to a high of 2.715. Tolerance values were no lower than 0.368. Hence the findings suggested that multicollinearity was not a problem when selected explanatory variables were used to establish the anticipated models in the logistic regression analysis and this validated the evidence depicted in correlation matrix.

The analysis in Table 4.48 presents interesting relevant results on multiple linear regression models 1. All four variables namely: Competitive strategy, Governance

practice, Formal planning and Quality management were significant at both 5 percent and 1 percent significance level respectively. In terms of ranking, Quality management was first and closely followed by Formal planning, with Competitive strategy and Governance practice becoming third and fourth in that order.

Table 4.48 Coefficient regressions of Strategic Management Practices and performance of corporate social responsibility linked with market positioning

Model 1		Unstandardized		Standardize		Collinearity		
		Coefficients	Std. Error	Coefficients	t	Sig.	Tolerance	VIF
1	(Constant)	1.712	.316		5.416	.000		
	Competitive strategy	.131	.065	.146	2.022	.045	.633	1.580
	Governance practice	-.169	.084	-.149	-2.011	.046	.601	1.663
	Formal planning	-.253	.077	-.254	-3.296	.001	.556	1.799
	Quality management	.689	.073	.878	9.407	.000	.378	2.644

a. Dependent Variable: Performance of CSR linked with market positioning

Model 1 in Table 4.48 shows that Competitive strategy and Quality management were positively correlated with performance of corporate social responsibility linked with market positioning while Governance practice and Formal planning were negatively correlated with performance of corporate social responsibility linked with market positioning. Model 1 further reports that a 0.131 point increase in Competitive strategy led to a 1 point increase in performance of corporate social responsibility linked with market positioning, a 0.169 point increase in Governance practice results into a decrease of 1 point of performance of corporate social responsibility linked with market positioning, and a 0.253 point increase in Formal planning led to a 1 point decrease of performance of corporate social responsibility linked with market positioning, ceteris

paribus. But a 0.689 increase in Quality management led to a 1 point increase in performance of corporate social responsibility linked with market positioning. For every one unit increase in the performance of corporate social responsibility linked with market positioning, there was a unit increase in strategic management practice, ceteris paribus. In summary, we can claim with 95 percent confidence that for every one unit increase in performance of corporate social responsibility linked with market positioning, strategic management practice increased by between -0.169 and 0.689. The negative significant effect of Governance practice and Formal planning on performance of corporate social responsibility linked with market positioning could be due to corporate governance structures not directing top executives of parastatals to focus on issues of a social nature and the general tension that existed between formal planning and implementation.

However, it should be noted that as shown in Table 4.48, the coefficient (r) or beta for Competitive strategy, Governance practice, Formal planning and Quality management were (0.146), (-0.149), (-0.254) and (0.878) respectively. This meant that the independent variables individually explained 14.6 percent, 14.9 percent, 25.4 percent and 87.8 percent changes or variations respectively in performance of corporate social responsibility linked with market positioning. In the strategic management practices and performance of CSR model, Competitive strategy, Governance practice, Formal planning and Quality management were all significant. Therefore, all the four null hypotheses were rejected because the p-values were less than 0.05 and accepted the alternative hypotheses. In coming up with the final model, all the significant variables Competitive strategy, Governance practice, Formal planning and Quality management were retained. The effect of strategic management practices on performance of corporate social responsibility linked with market positioning followed a multiple linear regression model as: Performance of CSR linked with market positioning= $\beta_0 + \beta_1$ Competitive strategy+ β_2 Governance practice + β_3 Formal planning + β_4 Quality management

Performance of CSR linked with market positioning= 1.712+ 0.131Competitive strategy
- 0.169Governance practice - 0.253Formal planning + 0.689Quality management

The second regression model shown in Table 4.49 depicts that the four variables namely: Competitive strategy, Governance practice, Formal planning and Quality management were found to have a significant effect on performance of corporate social responsibility due to pressure from key stakeholders with p-values of 0.050, 0.000, 0.011 and 0.000 at 1 percent and 5 percent significance level respectively. Therefore, Quality management and Governance practice were the most highly significant variables at p-value= 0.000 in both cases, followed by Formal planning at p-value = 0.011 and the least variable was Competitive strategy at p-value =0.050.

Table 4.49 Coefficient regressions of Strategic Management Practices and performance of corporate social responsibility linked with response to pressure from key stakeholders

	Unstandardized		Standardize		Collinearity		
	Coefficients		Coefficients				
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
Model 2							
(Constant)	2.441	.470		5.196	.000		
Competitive strategy	.170	.086	.165	1.975	.050	.706	1.417
Governance practice	-.503	.128	-.367	-3.918	.000	.558	1.794
Formal planning	-.282	.110	-.239	-2.564	.011	.566	1.767
Quality management	.735	.107	.793	6.871	.000	.368	2.715

a. Dependent Variable: Performance of CSR linked with response to pressure from key stakeholders

In coming up with the final model, all the significant variables Competitive strategy, Governance practice, Formal planning and Quality management were retained and therefore, based on the regression results, the Ordinary Least Square regression model of this study could be algebraically presented as:

Performance of CSR linked with response to pressure from key stakeholders = 2.441 + 0.170Competitive strategy - 0.503Governance practice - 0.282Formal planning + 0.735Quality management

The models were tested to establish if they were valid in predicting whether the strategic management practices affected the decision of the parastatal managers on performance of CSR. The null hypotheses for the study asserted that independent variables had no significant effect on decision of parastatal managers on performance of CSR (i.e.; the models were insignificant). The alternative hypotheses for the study asserted that the independent variables had significant effect on decision of parastatal managers on the performance of CSR (i.e. H_a ; the models were significant).

4.11 Hypothesis testing

The study used multiple regression analysis to establish the linear statistical effect of independent variables on dependent variable of this study. The four null hypotheses as mentioned in chapter one of this study was tested using multiple linear regression model.

4.11.1 Test of Hypothesis 1

H_{01} : There is no significant effect of strategic competitive practice on the performance of corporate social responsibility of parastatals in Kenya. The regression analysis of all the four independent variables of this study was aggregated with each of the measures of performance of CSR.

The general multiple regression models for hypothesis 1 was:

$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \varepsilon$ and the resulting regression models for hypothesis testing were:

i) Performance of CSR linked with market positioning = $1.712 + 0.131$ Competitive strategy - 0.169 Governance practice - 0.253 Formal planning + 0.689 Quality management.

ii) Performance of CSR linked with response to pressure from key stakeholders
 $=2.441+0.170\text{Competitive strategy} - 0.503\text{Governance practice} - 0.282\text{Formal planning}$
 $+0.735\text{Quality management}$

It was necessary to validate the multiple regression equations by testing the significance of the overall regression models. When the F-test was performed, the regression models were all valid and significant in totality as follows:

i) {F (4, 131) = 20.330, P-value<0.000} when performance of CSR was measured as market positioning (see Table 4.46)

ii) {F (4,131) = 18.256, P-value <0.000} when performance of CSR was measured as a response of pressure from key stakeholders (see Table 4.47)

The decision rule was reject $H_0: \beta_i = 0$ (i=1, 2, 3, 4) if the regression coefficient is significantly different from zero and subsequently accept the alternative hypothesis $H_a: \beta_i \neq 0$ (i=1, 2, 3, 4). Using both model 1 and 2, the null hypothesis 1 (H_{01}) was rejected since the standardized regression coefficients were significant and statistically different from zero as indicated in Tables 4.48 and 4.49.

Table 4.50 Regression Analysis results on effect of Competitive Strategy on performance of CSR

Dependent variable	Predictor variable	Beta coefficients	R-Squared	F-test	t-test	Significance
Market positioning	Competitive Strategy	0.146	0.117	20.330	2.022	0.045
Pressure from key stakeholders	Competitive Strategy	0.165	0.117	18.256	1.975	0.050

The dimensions of competitive strategy that were used by this study were cost management and marketing strategy. The multiple regression results on Tables 4.48 and 4.49 confirm a positive and significant linear effect of competitive strategy on performance of CSR due to market positioning and pressure from key stakeholders respectively. It was evident from Table 4.50 that competitive strategy was a good predictor of performance of CSR with beta values of 0.146 and 0.165 respectively. This variable alone could account up to 11.7% of the variation in the performance of CSR ($R^2 = 0.117$) when using market positioning and pressure from key stakeholders as measures of performance of CSR. The study also performed t-test on every beta coefficients in the fitted regression models to confirm whether competitive strategy had significant contribution to entire variance explained by regression. It was established that competitive strategy had a significant contribution to the changes in the performance of CSR due to market positioning and due to pressure from key stakeholders, $t=2.022$ and $t = 1.975$ respectively.

The results on Tables 4.48 and 4.49 revealed that competitive strategy positively and significantly affected performance of CSR of State Parastatals in Kenya when measured as market positioning ($\beta = 0.131$, $P\text{-value} < 0.05$) and pressure from key stakeholders ($\beta = 0.170$, $P\text{-value} < 0.05$). For every unit increase in the application of competitive strategy, there was a respective increase in the performance of CSR (market positioning by 0.146 and pressure from key stakeholders by 0.165)

The Pearson product moment correlation coefficient results on Table 4.21 indicated a moderate, positive and significant correlation between marketing strategy and performance of CSR ($r = 0.322$, $P\text{-value} = 0.000$) significant at 0.01 level of significance, when using market positioning as a measure. Additionally, the correlation results showed that there existed a moderate, positive and significant association between marketing strategy and performance of CSR ($r = 0.324$, $P\text{-value} = 0.000$) significant at 0.01 level of significance, when using pressure from key stakeholders as a measure. The findings of this study showed that competitive strategy played a major role in

performance of CSR in Kenya's State Parastatals. For instance, on the opinion statements; CSR initiatives are related to brand loyalty, CSR initiatives are linked to differentiation and CSR initiatives are linked to low cost provision reported high mean scores of 3.49, 3.36 and 3.25 respectively for competitive strategy and this indicated that cost management and marketing strategy were considered by State Parastatals.

This implied that cost management and marketing strategy affected performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders. Use of cost management and marketing strategy was statistically significant and hence, included as a predictor of performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders since the results of the regression analysis in this study indicate.

These findings were in agreement with the studies done by Sharp and Zaidman (2009) who concluded that inclusion of Competitive strategy into a parastatal's strategic management process could yield better results for them. The results are further supported by Wood (2010) who found a positive support between financial performance and performance of CSR. Similarly, Lev *et. al.*, (2011) reported a relationship between future revenue and customer loyalty and performance of CSR which is consistent with the current results. Gadenne *et. al.*, (2009) results support the study's results when they established that performance of CSR increased because of cost savings from environmental programs. Also when a parastatal had increased performance of CSR, it enhanced its attractiveness to investors which could subsequently lower the cost of capital from the market.

The study results were equally consistent with studies by Saeed and Arshad (2012) who noted that social capital and reputational capital could significantly impact the parastatals' performance and could provide parastatals a reason to engage in CSR

activities. Goddard (2005) similarly observed that performance of CSR that could benefit the community could also increase the level of social participation and generate positive attitude towards the parastatal.

4.11.2 Test of Hypothesis 2

Ho₂: There is no significant effect of strategic corporate governance practice on the performance of corporate social responsibility of parastatals in Kenya.

The general multiple regression models for hypothesis 2 was:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$ and the resulting multiple regression models for hypothesis testing were:

i) Performance of CSR linked with market positioning = $1.712 + 0.131 \text{Competitive strategy} - 0.169 \text{Governance practice} - 0.253 \text{Formal planning} + 0.689 \text{Quality management}$.

ii) Performance of CSR linked with response to pressure from key stakeholders = $2.441 + 0.170 \text{Competitive strategy} - 0.503 \text{Governance practice} - 0.282 \text{Formal planning} + 0.735 \text{Quality management}$.

To check for the significance of the overall multiple regression model, an F test was performed and the regression equations were found to be valid and significant as a whole and the findings were as follows:

i) $\{F(4, 131) = 20.330, P\text{-value} < 0.000\}$ when performance of CSR was measured as market positioning (see Table 4.46)

ii) $\{F(4, 131) = 18.256, P\text{-value} < 0.000\}$ when performance of CSR was measured as pressure from key stakeholders (see Table 4.47)

The decision rule was reject $H_0: \beta_i = 0$ ($i=1,2,3,4$) if the regression coefficient is significantly different from zero and subsequently accept the alternative hypothesis $H_a: \beta_i \neq 0$ ($i=1,2,3,4$). Using model 1 and 2, the null hypothesis that there is no significant effect of strategic corporate governance practice on performance of corporate social responsibility of parastatals in Kenya was rejected. This is because the standardized regression coefficient about interaction between openness & ethical practice and performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders were significantly and statistically different from zero ($H_a: \beta_i \neq 0$) as evident on Tables 4.48 and 4.49.

Table 4.51 Regression Analysis results on effect of governance practice on performance of CSR

Dependent variable	Predictor variable	Beta coefficients	R-Squared	F-test	t-test	Significance
Market positioning	Governance practice	-0.149	0.173	20.330	-2.011	0.046
Pressure from key stakeholders	Governance practice	-0.367	0.046	18.256	-3.918	0.000

The regression analysis findings of this study revealed that the utilization of governance practice did affect the performance of CSR when measured as market positioning and when measured as pressure from key stakeholders respectively. Use of governance practice was statistically significant, hence included as a predictor variable in the regression model as depicted on Table 4.51, meaning that the variable had a significant effect. Table 4.51 shows that governance practice is a good predictor of performance of CSR with beta value of -0.149 and -0.367 respectively. This variable alone accounted for 17.3% of the variation in performance of CSR ($R^2 = 0.173$) when using market

positioning as a measure of performance of CSR while 4.6% variation in the performance of CSR was explained by this variable when using pressure from key stakeholders as a measure of performance of CSR.

When t-test was performed to confirm whether governance practice had significant contribution to the whole variance explained by regression, it was noted that governance practice had a significant contribution to the variation in the performance of CSR due to market positioning and due to pressure from key stakeholders, $t = -2.011$ and $t = -3.918$ respectively.

The findings on Tables 4.48 and 4.49 showed that governance practice negatively and significantly affected performance of CSR of State Parastatals in Kenya when measured as market positioning ($\beta = -0.169$, P-value < 0.05) and pressure from key stakeholders ($\beta = -0.503$, P-value < 0.05). This meant that with every unit increase in the utilization of governance practice, there was a respective decrease in performance of CSR (market positioning by -0.169 and from key stakeholders by -0.503).

However, correlation analysis findings on Table 4.31 showed that the utilization of openness affected performance of CSR of State Parastatals in Kenya. There was a moderate, positive and significant association between use of openness and performance of CSR due to market positioning ($r = 0.320$, P-value < 0.000) and a weak but positive association ($r = 0.178$, P-value < 0.038) between openness and performance of CSR due to pressure from key stakeholders, all significant at 0.01 and 0.05 level of significance respectively. The correlation results also depicted that ethical practice had a moderate, positive and significant relationship with performance of CSR linked with market positioning. However, it had a very weak and positive relationship with performance of CSR linked with response to pressure from key stakeholders. All in all, these findings are supported by high mean scores of 4.25 and 4.16 indicating that the respondents agreed that governance practice affected performance of CSR positively.

The findings of this study lend support to Mackenzie (2007) that performance of CSR needed to be anchored in a strong governance practice pillar and policies and needed to be increasingly considered as part of the responsibility of parastatal boards. According to Clarke (2007) parastatals were expected to look at governance practice and performance of CSR issues together and go beyond conformance and compliance to voluntary performance. Hancock (2005) argued that governance practice was a building block for performance of CSR. Therefore, this meant that parastatals could not have a serious performance of CSR if they did not have solid governance practice pillars in place.

The study results also agree with the argument of Bhimani and Soonawalla (2005) that governance practice and performance of CSR were two sides of the same coin. Hence, governance practice and performance of CSR complemented each other in a way that if effective governance practice framework protected stakeholders from bad actions, then effective performance of CSR program prevented various actions which might be legal but not appropriate in connection to their effect for stakeholders.

4.11.3 Test of Hypothesis 3

The null hypothesis 3 of this study was Ho3: There is no significant effect of strategic planning practice on the performance of corporate social responsibility of parastatals in Kenya. The general multiple regression models for hypothesis 3 was:

$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \epsilon$ and the resulting multiple regression models for hypothesis testing were:

i) Performance of CSR linked with market positioning = 1.712 + 0.131Competitive strategy - 0.169Governance practice - 0.253Formal planning + 0.689Quality management

ii) Performance of CSR linked with response to pressure from key stakeholders
 $= 2.441 + 0.170 \text{Competitive strategy} - 0.503 \text{Governance practice} - 0.282 \text{Formal planning} + 0.735 \text{Quality management}$

An F test was done for establishing the significance of the above overall regression equations and they were found to be valid and significant in wholesome and the F test findings were as follows:

i) $\{F(4, 131) = 20.330, P\text{-value} < 0.000\}$ when performance of CSR was measured as market positioning (see Table 4.46)

ii) $\{F(4, 131) = 18.256, P\text{-value} < 0.000\}$ when performance of CSR was measured as pressure from key stakeholders (see Table 4.47)

The decision rule was reject $H_0: \beta_i = 0$ ($i=1,2,3,4$) if the regression coefficient is significantly different from zero and subsequently accept the alternative hypothesis. $H_a: \beta_i \neq 0$ ($i=1, 2, 3, 4$). Using model 1 and 2, the null hypothesis was rejected since there was an interaction term in the regression model and the coefficient of independent variable was significant and statistically different from zero.

Table 4.52 Regression Analysis results on effect of formal planning on performance of CSR

Dependent variable	Predictor variable	Beta coefficients	R-Squared	F-test	t-test	Significance
Market positioning	Formal planning	-0.254	0.095	20.330	-3.296	0.001
Pressure from key stakeholders	Formal planning	-0.239	0.068	318.256	-2.564	0.011

From the regression analysis results of this study, a positive linear association prevailed between formal planning and performance of CSR of State Parastatals in Kenya when measured as market positioning (see Table 4.48). Hence, a unit increase in formal planning decreased a State Parastatal's performance of CSR due to market positioning by -0.253 and on the other hand, decreased by -0.282 due to response to pressure from key stakeholders.

On the Table 4.52, it was evident that formal planning was a good predictor of performance of CSR when measured as market positioning and also when measured as due to pressure from key stakeholders with beta values of -0.254 and -0.239 respectively. The variable explained a change of 9.5% ($R^2 = 0.095$) and 6.8% ($R^2 = 0.068$) in performance of CSR when using market positioning and pressure from key stakeholders as measures respectively. The t-tests on every beta coefficients in the fitted regression models confirmed that formal planning had a significant contribution to the variation of the performance of CSR measured from market positioning and pressure from key stakeholders, $t = -3.296$ and $t = -2.564$ respectively.

Correlation analysis findings on Table 4.37 showed that there was a moderate, positive and significant association between formal planning and market positioning when used as a measure of performance of CSR as $r = 0.309$, P-value < 0.000 significant at level 0.01 of significance. On the other hand, formal planning had a weak, positive and insignificant association with performance of CSR when measured as a response to pressure from key stakeholders as the correlation analysis findings demonstrate.

The State Parastatals reported very high mean scores of 4.4 and 4.3 respectively, indicating that these parastatals strongly agreed that efforts guide necessary activities to environmental issues and analysis of community was essential pre-requisite of efficient

performance of CSR. These results provide empirical evidence that formal planning was associated with performance of CSR.

These study findings are consistent with opinion of O'shannassy (2003) who argues that parastatals which assessed and monitored environmental conditions ensured functional integration and set aside resources for the planning process were able to meet market and non- market issues and this ultimately facilitated performance of CSR. This sentiment was also shared and supported by Slater *et.al.*, (2006) who argued that parastatals which assessed environmental conditions were able to generate information externally and internally to facilitate the management take actions for actualizing performance of CSR.

4.11.4 Test of Hypothesis 4

The null hypothesis 4 of this study was H_{04} : There is no significant effect of strategic total quality management practice on the performance of corporate social responsibility of parastatals in Kenya. The general multiple regression models for hypothesis 4 was:

$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \varepsilon$ and the resulting multiple regression models for hypothesis testing were:

i) Performance of CSR linked with market positioning = $1.712 + 0.131 \text{Competitive strategy} - 0.169 \text{Governance practice} - 0.253 \text{Formal planning} + 0.689 \text{Quality management}$

ii) Performance of CSR linked with response to pressure from key stakeholders = $2.441 + 0.170 \text{Competitive strategy} - 0.503 \text{Governance practice} - 0.282 \text{Formal planning} + 0.735 \text{Quality management}$

For checking the significance and validity of the overall multiple regression models, an F test was performed. All the two regression equations models were found to be valid and significant and the F test results were as follows:

- i) {F(4, 131) = 20.330, P-value < 0.000 } when performance of CSR was measured as market positioning (see Table 4.46)
- ii) {F(4,131) = 18.256, P-value < 0.000 } when performance of CSR was measured as pressure from key stakeholders (see Table 4.47)

The decision rule was reject $H_0: \beta_i = 0$ ($i=1,2,3,4$) if the regression coefficient of the interaction term is significantly different from zero and subsequently accept the alternative hypothesis $H_a: \beta_i \neq 0$ ($i=1,2,3,4$). Using both model 1 and 2, the null hypothesis that there is no significant effect of strategic total quality management practice on performance of corporate social responsibility of parastatals in Kenya was rejected since there was an interaction term in the regression models and the coefficients of the independent variable was significant and statistically different from zero.

Table 4.53 Regression Analysis results on effect of quality management on performance of CS

Dependent variable	Predictor variable	Beta coefficients	R-Squared	F-test	t-test	Significance
Market positioning	Quality management	0.878	0.368	20.330	9.407	0.000
Pressure from key stakeholders	Quality management	0.793	0.233	18.256	6.871	0.000

The regression analysis findings of this study indicated that quality management had an effect on performance of CSR when measured as market positioning and pressure from key stakeholders. On Tables 4.48 and 4.49, for every unit increase in quality management, there was a corresponding increase by 0.689 in market positioning when used as a measure of performance of CSR and increase of pressure from key stakeholders by 0.735 when used as a measure of performance of CSR.

The Table 4.53 indicated that quality management was the best predictor of performance of CSR with beta values of 0.878 and 0.793 respectively in relation to performance of CSR linked to market positioning and performance of CSR linked to pressure from key stakeholders. Similarly, quality management could explain variations of 36.8% ($R^2 = 0.368$) and 23.3% ($R^2 = 0.233$) respectively for performance of CSR linked to market positioning and performance of CSR linked to pressure from key stakeholders. It was also noted that quality management had a significant contribution to the variation in the performance of CSR due to market positioning and due to pressure from key stakeholders, $t = 9.407$ and $t = 6.871$ respectively.

Correlation analysis results on Table 4.43 demonstrated a strong, positive and significant relationship between quality management and performance of CSR when using market positioning as a measure of performance ($r = 0.607$, $P\text{-value} < 0.01$) at 0.000 level of significance. Additionally, quality management was positively and moderately associated with performance of CSR ($r = 0.482$, $P\text{-value} < 0.01$) at 0.000 level of significance, when used as a measure of pressure to key stakeholders. Quality management opinion statements, for instance, focus on meeting needs of customers and stakeholders reported a mean score of 4.1. Majority of the respondents in this study agreed that doing the right thing of respecting stakeholders as quality management technique enhanced performance of CSR.

The results were consistent with the findings of McAdam and Leonard (2003) who argue that when Quality management had greater penetration into parastatals of all shapes and

size could encourage the performance of CSR within the parastatals. The results also lend support to Kotler and Lee (2005) that Quality management balanced between profit making and doing the right thing of respecting the interest of wider stakeholders. Performance of CSR, similarly, considered profit making and valuing people and the environment as equally important for any good performance of a parastatal (Smith, 2005). A summary of the decision rule on the hypotheses tested is shown on Table 4.54 highlighting the results of the model outputs.

Table 4.54 Summary of hypotheses test results

Hypothesis	P-values	Decision
H₀₁ . There is no significant effect of strategic competitive practice on performance of Corporate Social Responsibility of parastatals in Kenya.	0.045 0.050	Rejected H ₀₁
H₀₂ . There is no significant effect of Strategic corporate governance practice on performance of Corporate Social Responsibility of parastatals in Kenya.	0.046 0.000	Rejected H ₀₂
H₀₃ . There is no significant effect of strategic planning practice on performance of Corporate Social Responsibility of parastatals in Kenya.	0.001 0.011	Rejected H ₀₃
H₀₄ . There is no significant effect of strategic total quality management practice on performance of Corporate Social Responsibility of parastatals in Kenya.	0.000 0.000	Rejected H ₀₄

4.12 Discussion of key results

The key objective of the study was to assess the effect of strategic management practices on performance of CSR. The variables under considerations were strategic competitive practice, strategic corporate governance practice, strategic planning practice and strategic total quality management practice. The next section discusses the variables in full.

4.12.1 Strategic competitive practice objective

The first objective sought to examine whether strategic competitive practice had an effect on performance of CSR. To empirically test whether strategic competitive practice had a significant effect or otherwise on performance of the CSR, the study applied multiple linear regression model of the independent variables against the dependent variable. There was a significant effect and positive correlation of marketing strategy with performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders ($\rho = 0.322$, $p\text{-value} = 0.000$ and $\rho = 0.324$, $p\text{-value} = 0.000$ at 0.01 level of significance respectively. When the Cost management and marketing strategy was included in the multiple linear regression model, the coefficient analysis results indicated a moderate, positive and significant effect of Competitive strategy on performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders with ($\beta = 0.146$ and $\beta = 0.165$, $p\text{-value} = 0.045$ and $p\text{-value} = 0.050$) at 0.05 level of significance respectively.

Competitive strategy was the third highest variable in terms of significance among the four variables. These findings were in agreement with the studies done by Sharp and Zaidman (2009) who concluded that inclusion of Competitive strategy into a parastatal's

strategic management process could yield better results for them. The results are supported by Wood (2010) who found a positive support between financial performance and performance of CSR. Additionally, Lev *et. al.*, (2011) reported a relationship between future revenue and customer loyalty and performance of CSR which is consistent with the current results. Gadenne *et. al.*, (2009) results support the study's results when they established that performance of CSR increased because of cost savings from environmental programs. Also when a parastatal had increased performance of CSR, it enhanced its attractiveness to investors which could subsequently lower the cost of capital from the market.

The study findings were equally in support with studies by Saeed and Arshad (2012) who noted that social capital and reputational capital could significantly impact the parastatals' performance and could provide parastatals a reason to engage in CSR activities. Goddard (2005) similarly observed that performance of CSR that could benefit the community could also increase the level of social participation and generate positive attitude towards the parastatal. This meant that performance of CSR created reliable networks for parastatals and social capacity. This finding is also consistent with the argument that parastatals that developed resources and capabilities through performance of CSR might be able to leverage benefits for their core business which was a source of significant and lasting competitive advantage (Hart & Sharma, 2004).

The findings also lend support to Mackey *et. al.*, (2007) in that a high degree of performance of CSR had been noted to be one way parastatals could differentiate themselves. The findings are further supported by the argument of Phil and Rothenberg (2003) who noted that performance of CSR could attract and retain quality employees, reduce costs, increase operational efficiency, increase market opportunities and quality. Miles *et. al.*, (2004) also agreed that forced performance of CSR might negatively affect long term social benefits of parastatals but parastatals with higher levels of voluntary performance of CSR might be able to avoid this situation. This meant that performance of CSR could improve stakeholder associations and prevent costly stakeholder

disagreements. Similarly, Eweje and Palakshappa (2009) argued that performance of CSR enhanced cooperation between parastatals and non-profit making firms which facilitates mutual societal effect and addresses the social and environmental concerns such as supporting victims of natural disasters. These actions ultimately contribute significantly to parastatals' brand image and reputation. This result was consistent with the studies of Gulbrandsen (2006) who notes that customers value voluntary non-market action more than non-voluntary action. The biggest challenge on pressure from government/civil society was that the same government needed to set aside funds for the parastatals to utilize on CSR activities.

It is argued that the industry's level of differentiation could also affect the performance of CSR since competition in a highly- differentiated industry was unlikely to be based on price but was likely to be profitable for all parastatals (Porter, 2008). According to Perrini, Russo, and Tencati (2007), different industries positioned themselves differently as far as levels of differentiation were concerned but overall, levels of differentiation affected performance of CSR. McWilliams and Siegel (2011) note that industry differentiation affected performance of CSR because it was evident that parastatals did better in industries in which other parastatals allocated more resources to differentiation activities. The findings are equally supported by Schnietz and Epstein (2005) who noted that parastatals which engaged in performance of CSR, they acquired the resources that allowed them to differentiate themselves and increased their competitiveness. Klein and Dawar (2004) observed that attaining better performance of CSR was a way parastatals tried to differentiate themselves. Rothenberg and Zyglidopoulos (2007) gave evidence that parastatals which had differentiation practices were likely to have high performance of CSR. Therefore, parastatals could manage to differentiate themselves by improving their performance of CSR. According to Haigh and Jones (2006) and Juholin (2004) competitiveness was one of the major drivers for performance of CSR.

The findings revealed that marketing strategy had the highest effect on performance of CSR (mean=3.4926) .This meant that marketing strategy was based on the parastatals'

ambition to distinguish themselves from the competition. The parastatals were proactive in the development of product, process, technical and market knowledge, and technology. Therefore, there was a relationship between performance of CSR and reputation in the sense of loyalty among customers and employees (Jiang & He, 2005). This result was also echoed in Chapple and Moon's (2005) study of seven countries in Asia which established that there is a strong relationship between international exposure in terms of international sales or foreign ownership and CSR reporting. However, the overall performance reflected that the parastatals' performance of CSR measures were slightly good. These results are in agreement with findings of Smith (2005) who argues that performance of CSR was not only the right thing to do but it could also distinguish a parastatal from its industry peers. The results were additionally in agreement with studies of McWilliams and Siegel (2011) who regarded performance of CSR as a channel of product differentiation because demand for CSR attributes was brought about by consumers and other stakeholders like employees and community groups. Consumers want CSR attributes since they wish to support parastatals that invest resources to performance of CSR or value the intangible attributes like reputation for quality and reliability that could be related with parastatals engaged in CSR.

4.12.2 Strategic Corporate Governance practice objective

The objective of the study was to assess the effect of strategic corporate governance practice on the performance of CSR. The results obtained showed varied reflections on the nature of the governance practice effect from managers based on their actual practice. The findings on governance practice revealed that holding balance between economic and social goals had a mean =4.2132 and followed closely by corporate codes of conduct with a mean =4.1618. The findings of correlation analysis showed that there was a significant and positive relationship between openness and performance of corporate social responsibility linked with market positioning ($\rho = 0.320$, $p\text{-value} = 0.000$) significant at 0.01 level of significance.

Similarly, ethical practice was positively and significantly related with performance of corporate social responsibility linked with market positioning ($\rho = 0.359$, $p\text{-value} = 0.000$) significant at 0.01 level of significant. On the other hand, openness had a significant and positive effect on performance of corporate social responsibility linked with response to pressure from key stakeholders ($\rho = 0.178$, $p\text{-value} = 0.038$) at 0.05 level of significance. When governance practice was regressed against performance of corporate social responsibility linked with to market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders together with other three independent variables, the results revealed were as ($\beta = -0.149$ and $\beta = -0.367$, $p\text{-value} = 0.046$ and $p\text{-value} = 0.000$) which was significant at 5 percent confidence level. The regression findings therefore suggested that there was a negative and significant effect of governance practice on performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders respectively.

Therefore, in the multiple regression model results, the effect of governance practice on performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from stakeholders was significant and hence the rejection of the H_0 that there was no significant effect of governance practice on performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders of parastatals in Kenya and accepting the alternative hypothesis that there was a significant effect of governance practice on performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders of parastatals in Kenya.

Findings on governance practice were consistent with the results of Jamali *et.al.*, (2008) which revealed a predominant interpretation of governance practice as a cornerstone of performance of CSR among managers and further suggested that performance of CSR

was anchored in a strong governance practice foundation. Their findings further asserted that the nature of parastatals' governance practice convinced managers to put more strength on specific goals and objectives in connection to performance of CSR and that parastatal boards were accordingly major participants in ensuring parastatals did promote and meet performance of CSR standards. The findings were further supported by the views of Elkington (2006) that performance of CSR was conceived as a board responsibility as well as the outward expression of a board's governance practice policies.

The findings further lend support to Mackenzie (2007) that performance of CSR needed to be anchored in a strong governance practice pillar and policies and needed to be increasingly considered as part of the responsibility of parastatal boards. According to Clarke (2007) parastatals were expected to look at governance practice and performance of CSR issues together and go beyond conformance and compliance to voluntary performance. Hancock (2005) argued that governance practice was a building block for performance of CSR. Therefore, this meant that parastatals could not have a serious performance of CSR if they did not have solid governance practice pillars in place. Bhimani and Soonawalla (2005) noted that governance practice and performance of CSR were two sides of the same coin. Hence, governance practice and performance of CSR complemented each other in a way that if effective governance practice framework protected stakeholders from bad actions, then effective performance of CSR program prevented various actions which might be legal but not appropriate in connection to their effect for stakeholders.

The findings further supported the views of Elkington (2006) that the performance of CSR was progressively an extension of governance practice and was the responsibility of the parastatal boards. Therefore, if the governance practice framework was in place, then the performance of CSR was sustainable. Bhimani and Soonawalla (2005) had argued that governance practice and performance of CSR were unrelated accountability models because their guidelines, reporting standards and oversight mechanisms had

evolved separately. However, governance practice and performance of CSR were strongly connected. It was conclusively said that good governance practices portrayed responsibility and due regard to the wishes of all major stakeholders and ensured parastatals were answerable to all stakeholders (Ongore & Kobonyo, 2011). Besides, Beltratti (2005) added his voice by saying that governance practice ensured parastatals were being held accountable while performance of CSR ensured that parastatals were taking account of their existence. Therefore, all parastatals used the two tools (i.e. governance practice and performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders) to regulate their operations.

Similarly, the results are consistent with findings of Roussouw *et. al.*, (2002) who established that in South Africa the political changes in the direction of democracy and redressing the injustices of the past have been a significant enabler for CSR performance through the practice of improved corporate governance. The study findings were also in agreement with the past studies which revealed that there were links between the performance of CSR of parastatals and the corporate governance practice of their boards (Kiel and Nicholson, 2002). Other studies carried out in the US by Gompers *et.al.*, (2003) established a strong effect of good corporate governance practice on the shareholder performance. On the same note, the study revealed that two-thirds of investors were prepared to pay more for shares of the companies that had good corporate governance practice.

4.12.3 Strategic Planning practice objective

The results of the study depicted that formal planning did have a significant effect on the decision to engage in CSR initiatives. On correlation analysis, formal planning had positive and significant relationship with the performance of corporate social responsibility linked with market positioning ($\rho = 0.309$, $p\text{-value} = 0.000$) at 0.01 level of significance. On regression analysis, the coefficient regression of formal planning on

performance of corporate social responsibility linked with market positioning had negative and significant effect of (Beta = -0.254, p-value = 0.001) at 0.05 level of significance. On the other hand, coefficient regression of formal planning on performance of corporate social responsibility linked with response to pressure from key stakeholders had a negative and significant effect with (Beta = -0.239, p-value = 0.011) at 0.05 level of significance. The hypothesis was H_{O3} : there is no significant effect of strategic planning practice on performance of CSR which was therefore rejected and the alternative hypothesis was accepted that there was a significant effect of strategic planning practice on performance of CSR.

The correlation matrix analysis suggested that strategic planning practice was related with performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders. The beta was significant at ($\beta=-0.254$, t-value=3.619, p-value =0.001<0.05 and $\beta=-0.239$, t-value = -2.564, p-value=0.011<0.05). This meant that hypothesis H_{O3} was supported by these findings. To test incremental explanatory power of formal planning and other variables, the multiple regression model was used and contained all variables. The results indicated that formal planning had a positive effect on performance of CSR over and above what was accounted for by the other variables. With the inclusion of formal planning in the multiple regression model, the model was significant at (F=20.330, p-value=0.000 and F=18.256, p-value = 0.000) with (R-Square = 0.383 and R-square = 0.358) respectively. These results are consistent with opinion of O'shannassy (2003) who argued that parastatals which assessed and monitored environmental conditions ensured functional integration and set aside resources for the planning process were able to meet market and non- market issues and this ultimately facilitated performance of CSR. This opinion was also shared and supported by Slater *et.al.*, (2006) who argued that parastatals which assessed environmental conditions were able to generate information externally and internally to facilitate the management take actions for actualizing performance of CSR.

The findings were also in agreement with a study by Masood *et. al.*, (2012) who concluded that parastatals which adopted strategic planning practice were able to develop deep insight into the need for performance of CSR and hence facilitating and encouraging CSR policy and practice. O'shannassy (2003) further in his findings supported the belief that stakeholders were very important in strategy implementation and therefore parastatals needed to comprehend stakeholders' wants and anticipations for them to survive in the competitive market. Waddock *et. al.*, (2002) note that parastatals were under pressure to exhibit that they were taking performance of CSR seriously and therefore they could only nurture such deeds and actions that showed excellent CSR behavior through strategic planning practice. This study also appeared to support the work of Galbreath (2010) which encouraged the need for functional integration and setting aside of enough resources to facilitate the strategic implications of stakeholder demands for CSR and this could fully be understood and addressed accordingly. Therefore, based on the results of this study, a positive link was found between strategic planning practice and performance of CSR. It could therefore conclusively be said that the effect of strategic planning practice on a parastatal's performance of CSR was the same as the effect of strategic planning practice on the parastatal's financial performance (Verreynne, 2006).

4.12.4 Strategic Total Quality Management Practice objective

The study also examined the effect of strategic total quality management practice to test the hypothesis Ho4- there is no significant effect of strategic total quality management practice on the performance of CSR. Quality management was found to be significantly and positively correlated with performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders respectively ($\rho = 0.607$ and $\rho = 0.482$, p -value = 0.000) significant at 0.01 level of significance in both cases. On the regression analysis, the coefficient regression of quality management on performance of corporate social responsibility linked with market positioning had a positive and significant effect

with (Beta = 0.878, p-value = 0.000) at 0.05 level of significance whereas the effect of quality management on performance of corporate social responsibility linked with response to pressure from key stakeholders was positive and significant with (Beta = 0.793, p-value = 0.000) at 0.05 level of significance.

Therefore, the results of the study found a significant effect (p-value = 0.000) where p-value < 0.05. The postulated null hypothesis was therefore rejected. The findings were consistent with the findings of McAdam and Leonard (2003) who argued that when Quality management had greater penetration into parastatals of all shapes and size could encourage the performance of CSR within the parastatals. The findings also lend support to Kotler and Lee (2005) that Quality management balanced between profit making and doing the right thing of respecting the interest of wider stakeholders. Performance of CSR, similarly, considered profit making and valuing people and the environment as equally important for any good performance of a parastatal (Smith, 2005).

The positive and significant effect of Quality management on performance of CSR results were similarly supported (Hoang *et.al.*, 2010; Fotopoulos & Psomas, 2010; Goetsch & Davis, 2013; Sweis *et.al.*, 2013). Also, the study results showed that there was a positive and significant effect of customer focus on the performance of CSR of parastatals and this result was supported by (Chen *et.al.*, 2012). Therefore, it was important to use these practices effectively in the parastatals. It is important to note that the strong predictors of performance of CSR were customer focus and continuous improvement which are regarded as some of the key aspects of the Quality management philosophy. Joiner's (2006) study supports this result by highlighting that: "some of the key tenets of effective Quality management implementation was employees' commitment to customer focus and continuous improvement of processes". Hence, the study suggests that parastatals be more interested with Quality management that could enhance the performance of CSR. However, the results are contrary with Ooi *et.al.*, (2010) studies which established a negative relationship amongst customer focus,

continuous improvement and performance of CSR. In Kenya, the current ISO standards form a backdrop against which to measure CSR performance (Gathii, 2008)

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter describes the research response level, data coding and cleaning as well as the determination of the measures of data normality assessment. Subsequently, the chapter highlights the research findings which are presented using a variety of descriptive and inferential statistics that set out the major characteristics of data and test the study's hypotheses.

5.2 Summary

The overall objective of this study was to investigate the effect of strategic management practices on performance of corporate social responsibility of parastatals in Kenya. In particular, the specific objectives of the study were; to examine the effect of strategic competitive practice on performance of corporate social responsibility of parastatals in Kenya; to evaluate the effect of strategic corporate governance practice on performance of corporate social responsibility of parastatals in Kenya; to determine the effect of strategic planning practice on performance of corporate social responsibility of parastatals in Kenya; and to assess the effect of strategic total quality management practice on performance of corporate social responsibility of parastatals in Kenya.

Specific Objective 1: Examine the effect of strategic competitive practice on the performance of corporate social responsibility of State parastatals in Kenya.

The first objective of the study sought to examine whether strategic competitive practice affected performance of corporate social responsibility of parastatals in Kenya. The indicators of strategic competitive practice taken into consideration were cost management and marketing strategy according to factor results. Descriptive statistical methods were used to reach at the results. Most of the respondents agreed that performance of corporate social responsibility was related to cost management and

marketing strategy as depicted by cross tabulations results. Findings on correlation matrix indicated that there was a significant and positive association between marketing strategy and performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders respectively.

On the other hand, inferential statistical methods also gave findings and deductions. The indicators, cost management and marketing strategy, were found to be statistically significant in explaining the performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders respectively. This is because a unit change in cost management and marketing strategy caused a change in performance of corporate social responsibility linked with market positioning. Similarly, a unit change in cost management and marketing strategy explained a change in performance of corporate social responsibility linked with response to pressure from key stakeholders of parastatals in Kenya. Therefore, opinion statements which sought effects of strategic competitive practice were concluded to be statistically significant in explaining changes in performance of corporate social responsibility of parastatals in Kenya. The results showed that the success of a parastatal depended on the relationship with its major stakeholders, understanding of the competitive environment, image and reputation built on transparency, information, communication and reporting practices.

Specific Objective 2: Evaluate the effect of strategic corporate governance practice on the performance of corporate social responsibility of State parastatals in Kenya.

The second objective evaluated the effect of strategic corporate governance practice on performance of corporate social responsibility of parastatals in Kenya. Results were reached after analysis of several factors that contributed to strategic corporate governance practice. The sub- variables included openness and ethical practice as depicted by factor results. Majority of the respondents agreed that openness had linkage

with performance of corporate social responsibility and therefore openness did have an effect on performance of corporate social responsibility.

The sub-variables, openness and ethical practice, were found to be positively and significantly associated with performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure to key stakeholders as indicated by a positive correlation coefficient values. However, ethical practice had significant and positive association with performance of corporate social responsibility linked with response to pressure from key stakeholders. This meant that openness was a critical indicator as far as performance of corporate social responsibility linked with market positioning was concerned specifically.

Inferential statistical findings revealed that a unit change in openness and ethical practice caused a negative change in performance of corporate social responsibility linked with market positioning whereas a unit change on the other hand caused a negative change in performance of corporate social responsibility linked with response to pressure from key stakeholders as indicated by negative regression coefficients. The findings further indicated that a unit increase in openness and ethical practice led to a decrease in performance of corporate social responsibility of parastatals in Kenya. Hence, the findings imply that openness and ethical practice as an indicator did play a significant effect on changing performance of corporate social responsibility of parastatals in Kenya. The effect of Strategic Corporate Governance Practice on performance of CSR study findings were significant and in agreement with the past studies which revealed that there were links between the performance of CSR of parastatals and the governance practice of their boards. There was a strong relationship between good corporate governance practice and shareholder performance. On the same note, the study revealed that two-thirds of investors were prepared to pay more for shares of the companies that had good corporate governance practice.

Specific Objective 3: Determine the effect of strategic planning practice on the performance of corporate social responsibility of State parastatals in Kenya.

The third objective was to establish whether strategic planning practice could be relied upon in explaining performance of corporate social responsibility of parastatals in Kenya. Factor results reduced the sub-variables to one indicator called formal planning. The descriptive results indicated that majority of the respondents considered formal planning as very important indicator when considering decisions on performance of corporate social responsibility of parastatals in Kenya. The cross-tabulation results further revealed that formal planning and performance of corporate social responsibility had an association. This is because for any parastatal to engage in CSR initiatives, it should systematically assess environmental conditions and allocate resources for planning.

Inferential statistical findings revealed that formal planning led to a significant and positive relationship with performance of corporate social responsibility linked with market positioning but insignificant and positive relationship with performance of corporate social responsibility linked with response to pressure from key stakeholders. Similarly, a unit increase in formal planning led to a decrease in performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders respectively as indicated by regression analysis. Findings therefore conclude that formal planning contributed a significant effect in explaining performance of corporate social responsibility of parastatals in Kenya. A firm's strategic planning practice should guide all those activities necessary to adapt the environment and also including those associated with performance of CSR. Firms analyze the environment which enabled them to account for issues of government regulations, social nature, communities and societies, and hence establish the right responses.

Specific Objective 4: Assess the effect of strategic total quality management practice on the performance of corporate social responsibility of State parastatals in Kenya.

The fourth objective sought to determine whether strategic total quality management practice affected performance of corporate social responsibility of parastatals in Kenya. The indicators that were considered included; customer focus, continuous improvement and; process and supplier management. The factor results reduced these indicators into one indicator called quality management. Majority of the respondents did see a relationship of quality management measured on performance of corporate social responsibility. Therefore, on overall, respondents agreed that quality management affected performance of corporate social responsibility.

Statistical findings showed a strong and moderate significant correlation values between quality management and performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders respectively. The regression results also highlighted that a unit increase in quality management led to an increase in performance of corporate social responsibility linked with market positioning and performance of corporate social responsibility linked with response to pressure from key stakeholders respectively. Therefore, quality management was found to have a strong significance on performance of corporate social responsibility of parastatals in Kenya. Hence, it was retained in the final model due to its strong significance.

The ultimate aim of the Quality management of improving performance of CSR was achieved by improving customer satisfaction through the best possible product quality. The investments in CSR depended on the environmental quality of the parastatals. Each investment in CSR was an investment that can maintain the value-loyalty faith of the consumers and this was close to reputation.

Based on the regression models, the coefficient of determination (R squared) shows that variations of performance of CSR linked with market positioning and performance of CSR linked with response to pressure from key stakeholders could be explained by strategic management practices respectively. There was enough evidence to justify the rejection of all the null hypotheses as depicted by the regression and correlation analysis results.

5.3 Conclusions

The research findings led to conclusions on performance of corporate social responsibility of parastatals in Kenya as explained below:

From the research findings, cost management and market strategy had an effect on performance of corporate social responsibility of parastatals in Kenya. Majority of the respondents found cost management and marketing strategy as critical phenomena in the economy which could not be ignored. The findings revealed that cost management and marketing strategy had a very strong effect on performance of corporate social responsibility of parastatals in Kenya. However, on overall, the most prominent indicator was marketing strategy. Performance of CSR increased for parastatals that competed via provision of differentiated products and services. The parastatals should choose undifferentiated marketing if the market is homogeneous. However, if the parastatal's resources were overstretched by differentiated marketing, then concentrated marketing was better.

Research findings revealed that openness and ethical practice had an effect on performance of corporate social responsibility of parastatals in Kenya. Openness and ethical practice are indicators for performance of corporate social responsibility of parastatals in Kenya as indicated by this study. This means that when a parastatal is transparent and accountable in its operations, the performance of corporate social responsibility increases too. Hence, there was growing need for parastatals to understand

the overlapping of competitive strategy and CSR and the core importance of moving beyond openness and ethical practice conformance towards performance of CSR.

Based on research results presented, it is no doubt that formal planning contributes a critical role in explaining performance of corporate social responsibility of parastatals in Kenya. It could therefore be concluded from the findings presented in this study that there exists a significant and positive association between formal planning and performance of corporate social responsibility of parastatals in Kenya. Parastatals should carry out an internal and external analysis to understand stakeholders' needs and then incorporate them in their strategies.

The findings revealed that quality management was very significant in explaining variations in performance of corporate social responsibility of parastatals in Kenya. The study concludes that parastatals deal with various stakeholders as far as their product and service quality improvement was concerned. To bring every stakeholder on board, parastatals should engage in CSR initiatives. Quality management plays such a critical role in explaining variations in performance of corporate social responsibility of parastatals in Kenya. Therefore, quality management in parastatals could stimulate and facilitate the development of CSR performance. Similarly, knowledge concerning different effects of quality management could provide important information to managers so as to adopt suitable practices to fulfill the stakeholders' expectations.

The study concludes that there was a positive and significant effect of all independent variables on the dependent variable. On the overall, Quality management had the most significant and positive effect on performance of CSR, followed by formal planning, governance practice and competitive strategy.

5.4 Recommendations

Performance of corporate social responsibility is inevitable in the public sector because it is the only single and important way of positioning the parastatals in the market. This

study makes several recommendations to stakeholders in the public sector including the government and the policy makers. Based on the findings of the study and as per the specific objectives, the study recommends as follows:

i) Parastatals should use performance of corporate social responsibility as a marketing strategy to create corporate image through community programs and sports sponsorships. This is because performance of corporate social responsibility establishes and maintains goodwill and mutual understanding between parastatals and their publics. Performance of corporate social responsibility should be used by parastatals as a way of acquiring and maintaining cost leadership and thereby giving the parastatals competitive advantage over their rivals. Parastatals when engaging CSR performance should consider both external aspects such as child labor and ethics; and internal aspects such as non-discrimination and equal opportunities for all.

ii) Parastatals should consider CSR performance as a new governance approach whereby the parastatals seek to share responsibilities and to develop new modes of operation because they do not have a monopoly of solutions for society. This can be in the form of social partnerships. Performance of corporate social responsibility should be used as a process of establishing and maintaining a distinctive place in the market for parastatals' products or brands, that is, positioning.

iii) Parastatals should be systematic in planning for performance of corporate social responsibility by monitoring the internal and external environment. Performance of CSR should be part of a parastatal's long term action plan so that both the parastatal and the society benefits. Parastatals and society should focus on the interest and values they share in common because parastatals' success was dependent on healthy economies, communities and government support. Similarly, society benefits from successful parastatals in terms of improved standards of living and conditions through job provision, infrastructure creation and technological innovations. Parastatals should use

CSR performance as a partnership approach to creating new markets, for instance, to deliver a rural electrification project in slum areas.

iv) Parastatals should enhance CSR performance through quality management and standardization of ISO certification to achieve global consistency. Corporate social responsibility performance needs to be tailored to suit the business practices of the parastatals that operate in Kenya. The government should come up with a legislation to encourage organizations to pay about 3.5% of their gross profit to performance of corporate social responsibility.

5.4.1 Policy Recommendation

The study would assist parastatal managers to develop structures and institutions that contribute to social justice, environmental protection and poverty alleviation. Managers need to consider performance of CSR to be beyond voluntarism and regard corporate accountability through regulation.

5.4.2 Managerial Recommendations

The findings of the study extended the frontiers of knowledge by generating valuable insights for academic and managerial action. Therefore the results of this study were of interest to managers of parastatals that implemented strategic management practices and to management consultants. The first implication of the study was that managers were to enhance their strategic management practices since that not only improved their parastatals' ability to create corporate reputation and image but also generally increased performance of CSR. The study showed that strategic management practices significantly increased qualitative aspect of performance of CSR which were assessed through increased market share, marketing campaign, enhanced corporate reputation and image, enhanced public relations, maximized shareholders' wealth, attraction in the eyes of investors, response to pressure from government, response to pressure from civil society groups, customer loyalty and improved employee motivation.

Another finding from the study that was important was that the mere existence of strategic management practices did not necessarily guarantee parastatals the required performance of CSR. As much as some strategic management practices had effects on performance of CSR, others seemed to work against performance of CSR such that their combined effects when simultaneously present affected negatively the overall performance of CSR of parastatals. Managers therefore need to understand the major drivers of performance of CSR and those that worked against it. Overall, the findings of this study gave managers invaluable insights on how to build, allocate and adapt their resources and capabilities in ways that allowed them to achieve parastatal objectives in dynamic and competitive environment using strategic management practices and CSR strategy.

In addition, the results of this study have been particularly important in addressing the earlier identified knowledge gaps and therefore contributing to the frontiers of knowledge. The study has not only advanced an elaborate conceptual framework of strategic management practices and performance of CSR but also has empirically tested it. The findings of the study indicate that effective strategic management practices not only contributed to parastatal performance but also enhanced performance of CSR. These empirical results were useful given the misunderstandings of strategic management practices and CSR strategy that abound the CSR literature.

This study made an important contribution to the advancement of academic knowledge on strategic management practices and performance of CSR from the context of sub-Saharan African setting and particularly on parastatals in Kenya. The extant literature decries the lack of scholarly contribution on strategic management practices and performance of CSR from sub-Saharan Africa and on the public sector settings. The study, therefore, encouraged more scholarly output on strategic management practices and performance of CSR from sub-Saharan Africa.

Finally, this study might be of use to managers seeking to understand the effect of strategic management practices on the performance of CSR. The findings suggested that the effect was complicated. However, practical conclusions could be drawn. It was established that strategic management practices could be achieved without a corresponding negative effect on performance of CSR. Moreover, strategic management practices appeared to be ways to enhance performance of CSR. It was noted that parastatals used performance of CSR to differentiate themselves. Therefore, since strategic management practices could be of value to parastatals, managers were well advised to pursue performance of CSR as well as a suitable level of strategic management practices.

5.4.3 Study's Contribution to Theory and existing body of knowledge

The results of this study revealed that strategic management practices had four drivers; competitive practice, governance practice, formal planning practice and quality management practice, and these underpinned a key major factor which was strategic management practice as the independent variable of this study. This conclusively meant that as much as strategic management practices were enhanced by utilizing empirical literature and theoretical perspectives from the most developed countries and economies, their variables converged appropriately to their respective drivers and, hence, the structural-adaptation-to-regain-fit theory (strategic fit theory) was very relevant in the Kenyan perspective.

5.5 Areas of Further Research

Although this study came up with meaningful results, there were other avenues for further research. Firstly, the selection of strategic management practices included in the conceptual framework was not exhaustive. Therefore, other factors could provide additional insights into the effect of strategic management practices on performance of CSR. Similarly, there was no doubt that the factors chosen to measure the other study

variables namely; strategic competitive practice, strategic corporate governance practice, strategic planning practice, strategic total quality management practice and performance of CSR were also not optimal. Hence future researchers might also establish other relevant measures of these variables and further reconfigure the conceptual framework in a way that the interrelations between those variables might be set out differently so as to bring out more insights on the field of strategic management practices and performance of CSR. The major underlying issues driving the study variables as identified by factor analysis could provide a good start. The inclusion of more variables and application of more robust set of statistical tools apart from those used in this study could increase the robustness of study models and hence the validity of the results.

Secondly, the study was conducted from the assumption that all parastatals were engaged in performance of CSR, even if in varying degrees, without first seeking to determine why performance of CSR in parastatal would be different. Future studies could seek to first determine the antecedents of performance of CSR. Such research would increase a better understanding of the drivers of performance of CSR in parastatals and hence facilitate parastatals to accordingly inform their performance of CSR.

Thirdly, it is a well known fact that for every empirical research, the results were always based on self-reported data of the best informed managers. As much as it was assumed that senior managers were adequate for reliable and valid data, the information that a parastatal generated was not the only source of information about its degree of strategic management practices and performance of CSR. It might be useful to put together managers' responses to questionnaires with views held by its customers, competitors and distributors on its performance of CSR. There could be exaggerated positions from self reported data especially if secondary data was lacking for cross validation. Therefore future research could put together the viewpoints of customers and other major parastatal stakeholders with the results of parastatal's self assessment of its performance of CSR so as to get more valid conclusions. It was appropriate to conclude that a study

that took the customers' perspective for measuring the strategic management practices and performance of CSR of parastatals could be justifiable.

Finally, the study was based on a single public sector in Kenya and this limited the generalizability of the results. Hence caution should be taken when generalizing these findings to the private sector. It should be kept in mind that findings in a public sector might not necessarily be the same in a private sector context. This was another sector level difference that needed to be considered when evaluating the study results and further research was required. Similarly, due to dynamic nature of the major variables used in this study, the use of the study in different cultural contexts in future would provide important insights. As much as this study had some limitations, the study findings were important for managerial and theoretical considerations. Therefore, the study would serve as an important reference for future research on strategic management practices and performance of corporate social responsible

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Dear Sir/Madam,

RE: RESEARCH QUESTIONNAIRE

My name is Peter Situma Sasaka and a PhD candidate in the School of Human Resource Development at the Jomo Kenyatta University of Agriculture and Technology. I am conducting a study concerning: *effect of Strategic management practices on the performance of corporate social responsibility of State parastatals in Kenya*. Since you are the most informed person on your parastatal's CSR performance, I have selected you as my study respondent. Please, take a few minutes to answer the questions in this questionnaire by indicating the extent to which you agree or disagree with a given statement on the space provided. I wish to assure you that your answers will be kept strictly CONFIDENTIAL and will be used for academic purposes only. Your answers will be essential in building an accurate picture of the issues that are vital in identifying strategic management practices that foster corporate social responsibility performance in parastatals.

Your participation in facilitating this study is highly appreciated, but should you require any clarification or have queries, please do not hesitate to contact me on the mobile telephone and email address below. Thanking you in advance for your kind co-operation.

Yours sincerely,

Peter Situma Sasaka

HD433-C005-2434/2010

Jomo Kenyatta University of Agriculture and Technology – Mombasa CBD

petersasaka@yahoo.com

+254722773299

APPENDIX II: QUESTIONNAIRE

My name is Peter Situma Sasaka, a PhD candidate in the college of Human Resource Development at the Jomo Kenyatta University of Agriculture and Technology. I am conducting a research study concerning “*effect of strategic management practices on the performance of Corporate Social Responsibility of parastatals in Kenya*” and since you are the most informed person in your parastatal’s CSR Performance, I have selected you as my study respondent. Please, take a few minutes to answer the questions in this questionnaire. I assure you that your answers would be kept completely **confidential** and used for academic purposes only.

PART ONE: BACKGROUND CHARACTERISTICS (Please indicate by writing or ticking all appropriate answers only)

Q.1. Name of your parastatal (optional).....

Q.2. What is your job title?

- i) CEO ii) Manager iii) Head of Department
iv) Administrator

Q.3. For how long have you been a manager in your parastatal?

- i) Less than 1 year iii) 3 - 5 years
ii) 1 – 2 years iv) over 6 years

Q.4. what is your highest level of education?

- i) Bachelors degree iii) PhD degree
ii) Masters degree iv) Post Doctoral
v) Professional certificate

Q.5. What modes/types of CSR initiatives do you engage in? (Tick as many as possible).

- i) Health ii) Education iii) Environmental sustainability
iv) Disaster relief v) HIV/AIDS vi) Community involvement

vii) Local sports and cultural activities viii) Children homes and charities

ix) Others (specify).....

Q.6. Do you have a disclosure of CSR information in your parastatal's annual reports?

i) Yes ii) No

Q.7. Are CSR initiatives in your parastatal's original strategic plan?

i) Yes ii) No

PART TWO: STRATEGIC MANAGEMENT PRACTICES

A. STRATEGIC COMPETITIVE PRACTICE

Please, tick the extent to which the following strategic competitive practice influences your parastatal's CSR decisions.

	5	4	3	2	1
Strategic Competitive Practice measures	To a very great extent	To a great extent	To a moderate extent	To a small extent	Not at all
<u>Cost leadership</u>					
Q.8. Engagement in CSR initiatives enables us to be the overall low cost provider in the industry.					
Q.9. Engagement in CSR initiatives helps us to achieve overall low cost leadership					
Q.10. CSR initiatives facilitate us to be able to use price as a defense against substitutes.					
<u>Differentiation advantage</u>					
Q.11. CSR initiatives are related to building customer loyalty by differentiating our products from competitors' products.					
Q.12. CSR initiatives are linked to finding ways to differentiate					
Q.13. CSR initiatives are related to a successful differential practice that allows us build brand loyalty.					

<u>Focus advantage</u>					
Q.14. CSR initiatives are related to offering niche customers a product customized to their needs.					
Q.15. CSR initiatives are based on concentrating on a narrow customer segment.					
Q.16. CSR initiatives are linked to developing a unique ability to serve the needs of a niche target market.					
Other (specify)					

B. STRATEGIC CORPORATE GOVERNANCE PRACTICE

Please, tick the extent to which the following strategic corporate governance practice influences your parastatal's CSR decisions.

	5	4	3	2	1
Strategic Corporate Governance Practice measures	Strongly agree	Agree	Indifferent	Disagree	Strongly disagree
<u>Transparency</u>					
Q.17. We have adopted mechanisms that safeguard the interests of the stakeholders to actualize CSR initiatives					
Q.18. We believe that good governance helps in rebuilding confidence again with customers to actualize CSR initiatives.					
Q.19. We are concerned with holding the balance between economic and social goals to actualize CSR initiatives.					
<u>Accountability</u>					
Q.20. We have created CSR board committees as mechanisms of corporate governance for CSR initiatives					
Q.21. We have created company units dealing with business ethics as governance strategies for CSR initiatives.					
Q.22. We have created corporate codes of conduct as governance strategies for CSR initiatives					
<u>Honesty and disclosure</u>					
Q.23. We have created financial reporting practices as governance strategies for CSR initiatives.					
Q.24. We have created stakeholder complaint channels as governance strategies for CSR initiatives.					
Q.25. Growth of social responsible investors has encouraged					

us to give greater attention to CSR initiatives.					
Other (specify)					

C. STRATEGIC PLANNING PRACTICE

Please, tick the extent to which the following strategic planning practice influences your parastatal’s CSR decisions.

	5	4	3	2	1
Strategic Planning practice measures	Very important	Fairly important	Somewhat important	Not So important	Not at all important
<u>External orientation</u>					
Q.26. Strategic planning efforts guide necessary activities to adapt to the environmental issues to actualize CSR initiatives.					
Q.27. Analysis of community based issues is an essential prerequisite of efficient performance with respect to CSR initiatives					
Q.28. Systematic monitoring of environmental conditions is facilitated through the use of analytical techniques to actualize CSR initiatives.					
<u>Internal orientation</u>					
Q.29. Analysis of internal capabilities provides information to prompt us to action CSR initiatives.					
Q.30. Analysis of weaknesses generates information that guides our actions in uncertain environments to actualize CSR initiatives.					
Q.31. Analysis of internal stakeholders’ issues helps us to develop insight into the practices necessary to demonstrate responsible care of employees.					
<u>Functional integration</u>					
Q.32. Involvement of our employees in strategic conversations helps us to develop practices that demonstrate increased social responsibility towards internal stakeholders.					

Q.33. Various functional areas coordinate their activities to enhance the quality of customer experience resulting in demonstrable CSR initiatives.					
Q.34. Functional integration provides the necessary knowledge for developing activities that demonstrate CSR initiative to stakeholders					
Other (specify)					

D. STRATEGIC TOTAL QUALITY MANAGEMENT PRACTICE

Please, tick the extent to which the following strategic total quality management practice influences your parastatal's CSR decisions.

	5	4	3	2	1
Strategic Total Quality Management Practice measures	To a very great extent	To a great extent	To a moderate extent	To a small extent	Not at all
<u>Customer focus</u>					
Q.35. Our CSR initiatives are related to development of partnership with key stakeholders.					
Q.36. Our CSR initiatives are related to doing the right thing of respecting the interest of wider stakeholders.					
Q.37. Our CSR initiatives are related to value-based behavior of valuing people as the root to sustainable performance.					
<u>Continual improvement</u>					
Q.38. Our CSR initiatives focus on meeting the needs of customers and other stakeholders.					
Q.39. Our CSR initiatives are related to openness of sharing and communicating information widely.					
Q.40. Our CSR initiatives are related to delivering high quality services in the shortest time possible to market and emphasize long term loyalty with the stakeholders.					
<u>Process orientation and supplier management</u>					
Q.41. Our CSR initiatives integrate customer information					

from the various functions that interact with customers.					
Q.42. Our CSR initiatives are designed to enhance the quality of customer interactions through business processes.					
Q.43. Our CSR initiatives focus on customer needs while designing business processes.					
Other (specify)					

PART THREE: PERFORMANCE OF CORPORATE SOCIAL RESPONSIBILITY

Please, indicate with a tick on a scale of 1- 5 to what extent each of the following measures of performance of CSR initiatives have been emphasized by your parastatal over the past many years.

	5	4	3	2	1
	Very great extent	Great extent	Some extent	Little extent	No extent
Performance of CSR measures					
PERF.44. Our CSR initiatives are concerned with an increased market share.					
PERF.45. Our CSR initiatives are related to marketing campaign.					
PERF.46. Our CSR initiatives are linked to enhancement of corporate reputation and image.					
PERF.47. Our CSR initiatives are linked to enhancement of public relations.					

PERF.48. Our CSR initiatives are related with efforts of maximizing shareholders' wealth.					
PERF.49. Our CSR initiatives are linked to being more attractive in the eyes of investors.					
PERF.50. Our CSR initiatives are related with response to pressure from government.					
PERF.51. Our CSR initiatives are linked with response to pressure from civil society groups.					
PERF.52. Our CSR initiatives are motivated by stronger customer loyalty which increases levels of repeat purchasing.					
PERF.53. Our CSR initiatives are related to improved employee motivation which leads to reduced absenteeism and reduced staff turnover.					

Thank you for your contribution to academic knowledge advancement.

**APPENDIX III: TOTAL NUMBER OF STATE PARASTATALS IN KENYA
UNDER SAMPLING FRAME AS AT 9TH OCTOBER, 2013**

A) Agriculture, Livestock and Fisheries

1. Agro-Chemical and Food Company.
2. Kenya Meat Commission.
3. Muhoroni Sugar Company Ltd
4. Nyayo Tea Zone Development Corporation.
5. South Nyanza Sugar Company Limited.
6. Chemilil Sugar Company Ltd
7. Nzoia Sugar Company Ltd
8. Simlaw Seeds Kenya.
9. Simlaw Seeds Tanzania.
10. Simlaw Seeds Uganda.
11. Kenya Animal Genetics Resource Centre.
12. Kenya Seed Company (KSC)
13. Kenya Veterinary Vaccine Production Institute.
14. National Cereals And Produce Board (NCPB)
15. Agricultural Development Corporation.
16. Crops Development and Promotion Service(New)
17. Fisheries Development and Promotion Service(New)
18. Livestock Development and Promotion Service(New)
19. National Irrigation Board.
20. Agricultural, Fisheries and Food Authority.
21. Kenya Plant and Animal Health Inspectorate Service.
22. Livestock Regulatory Authority.
23. Bukura Agricultural College.
24. Kenya Agricultural and Livestock Research Organization.
25. Kenya Marine and Fisheries Research Institute.

B) Devolution and Planning

1. Anti-Female Genital Mutilation Board.
2. Constituency Development Fund.
3. Drought Management Authority.

4. Kenya National Bureau Statistics.
5. National Coordinating Agency for Population and Development.
6. Public Benefits Organizations Regulatory Authority.
7. Kenya Institute of Public Policy Research and Analysis (KIPPRA)
8. Kenya School of Government.

C) Interior and Coordination of National Government

1. Customs and Border Security Service.
2. National Campaign against Drug Abuse Authority.

D) Education, Science and technology

1. Jomo Kenyatta Foundation.
2. Jomo Kenyatta University Enterprises Ltd
3. Kenya Literature Bureau (KLB)
4. Rivatex (East Africa) Ltd
5. School Equipment Production Unit.
6. University of Nairobi Enterprises Ltd.
7. University of Nairobi Press (UONP)
8. Higher Education Loans Board.
9. Kenya Institute of Curriculum Development.
10. Kenya National Examination Council (KNEC)
11. Kenya National Innovation Agency.
12. Commission for University Education.
13. National Commission for Science, Technology and Innovation.
14. Technical and Vocational Education and Training Authority.
15. Chuka University.
16. Cooperative University College.
17. Dedan Kimathi University.
18. Egerton University.
19. Embu University College.
20. Garissa University College.
21. Jaramogi Oginga Odinga University of Science and Technology.
22. Jomo Kenyatta University of Agriculture And Technology
23. Karatina University.
24. Kenya Multi-Media University.
25. Kenyatta University.
26. Kibabii University College.
27. Kirinyaga University College.
28. Kisii University.
29. Laikipia University.

30. Maasai Mara University.
31. Machakos University College.
32. Maseno University.
33. Masinde Muliro University of Science and Technology.
34. Meru University of Science and Technology.
35. Moi University.
36. Murang'a University College.
37. Pwani University.
38. Rongo University College.
39. South Eastern Education, Science and Technology Kenya University.
40. Taita Taveta University College.
41. Technical University of Mombasa.
42. The Technical University of Kenya.
43. University of Eldoret
44. University of Kabianga.
45. University of Nairobi.

E) Office of the Attorney General and Department of Justice

1. Kenya Law Reform Commission.
2. Nairobi Centre for International Arbitration.
3. National Council for Law Reporting.
4. Council for Legal Education.
5. Kenya School of Law.
6. National Crime Research Centre.

F) National Treasury

1. Consolidated Bank of Kenya.
2. Kenya National Assurance Co.(2001) Ltd
3. Kenya Reinsurance Corporation Ltd
4. Kenya Development Bank (after merger of TFC,ICDC,KIE,IDB,AFC)
5. Kenya Exim Bank.
6. Kenya Post office Savings Bank.
7. Internal Revenue Service.
8. Financial Reporting Centre.

9. Investor Compensation Fund Board.
10. Kenya Accountants and Secretaries National Examination Board
11. Kenya Deposit Protection Authority.
12. Kenya Trade Network Agency.
13. Local Authorities Provident Fund.
14. Policy Holders Compensation Fund.
15. Unclaimed Financial Assets Authority.
16. Competition Authority.
17. Public Procurement Oversight Authority.
18. Financial Supervisory Council.

G) Sports, Culture and The Arts

1. Kenya Academy of Sports.
2. Kenya Film Development Service
3. National Museums of Kenya.
4. National Youth Council.
5. Sports Kenya
6. The Kenya Cultural Centre.
7. Kenya Film Regulatory Service.

H) Health

1. Kenya Medical Supplies Authority.
2. Kenyatta National Hospital.
3. Moi Teaching and Referral Hospital.
4. National Cancer Institute of Kenya.
5. National Hospital Insurance Fund.
6. National Quality Control Laboratories.
7. Health Services Regulatory Authority.
8. Kenya Medical Research Institute(KEMRI)
9. Kenya Medical Training College(KMTC)

Industrialization and Enterprise Development

1. Development Bank of Kenya Ltd
2. Kenya Wine Agencies Ltd (KWAL)
3. KWA Holdings.
4. New Kenya Co-operative Creameries.
5. Yatta Vineyards Ltd
6. Numerical Machining Complex.
7. Biashara Kenya.
8. Kenya Intellectual Property Service.
9. Leather Development Council.
10. Export Processing Zones Authority (EPZA)
11. National Industrial Training Authority.
12. Kenya Bureau of Standards (KBS)
13. Kenya National Accreditation Service.
14. Kenya Industrial Research and Development Institute.

I) East Africa Affairs, Commerce and Tourism

1. Kenya National Trading Corporation(KNTC)
2. Kenya Safari Lodges And Hotels Ltd(Mombasa Beach, Ngulia Lodge, Voi Lodge)
3. Golf Hotel Kakamega.
4. Kabarnet Hotel Limited.
5. Mt Elgon Lodge.
6. Sunset Hotel Kisumu.
7. Kenyatta International Convention Centre.
8. Bomas of Kenya
9. Tourism Fund.
10. Tourism Regulatory Authority.
11. Kenya Utalii College (KUC)

J) Labor and Social Security Services

1. National Council for Persons with Disabilities.
2. National Social Security Fund Board of Trustees.

K) Transport and Infrastructure

1. Kenya National Shipping Line.
2. Kenya Airports Authority(KAA)
3. Kenya Ports Authority (KPA).
4. Kenya Railways Corporation (KRC)
5. Kenya Ferry Services Ltd (KFS)
6. Kenya National Highways Authority (KeNHA)
7. Kenya Roads Board(KRB)
8. Kenya Civil Aviation Authority.(KCAA)
9. Kenya Maritime Authority.
10. National Land Transport and Safety Authority.

L) Energy and Petroleum

1. Geothermal Development Company (GDC)
2. Kenya Electricity Generating Company (KENGEN)
3. Kenya Electricity Transmission Company (KETRACO)
4. Kenya Pipeline Company(KPC)
5. Kenya Power and Lighting Company (KPLC)
6. National Oil Corporation of Kenya
7. Nuclear Electricity Board
8. Energy Regulatory Commission

M) Environment, Water and Natural Resources

1. National Water Conservation and Pipeline Corporation.
2. Water Services Trust Fund.
3. Kenya Wildlife and Forestry Conservation Service.
4. Water Resources Management Authority.
5. National Environment Management Authority (NEMA).
6. Water Services Regulatory Board.
7. Kenya Forestry Research Institute.
8. Kenya Water Institute.

N) Executive Office of the President

1. LAPSSET Corridor Development Authority.

O) Information, Communication and Technology

1. Kenya Broadcasting Corporation
2. Postal Corporation of Kenya
3. Konza Technopolis Authority
4. Information and Communications Technology Authority
5. Communications Commission of Kenya
6. Kenya Institute of Mass Communication

P) Defense

1. Kenya Ordnance Factories Corporation

Q) Mining

1. Mining and Oil Exploration Regulatory Service.

R) Land, Housing and Urban Development

1. National Housing Corporation.
2. Research Development Unit Company Ltd.
3. National Construction Authority.

S) Foreign Affairs And International Trade

1. Kenya Investment Promotion Service.

Source: GoK (2013). Report on Presidential Taskforce on Parastatal Reforms

APPENDIX IV: LIST OF STATE PARASTATALS IN KENYA THAT PARTICIPATED IN THE STUDY

A) Agriculture, Livestock and Fisheries

1. Kenya Meat Commission.
2. Muhoroni Sugar Company Ltd
3. Nyayo Tea Zone Development Corporation.
4. South Nyanza Sugar Company Limited.
5. Chemilil Sugar Company Ltd
6. Nzoia Sugar Company Ltd
7. Simlaw Seeds Kenya.
8. Kenya Seed Company (KSC)
9. National Cereals and Produce Board (NCPB)
10. Agricultural Development Corporation.
11. National Irrigation Board.
12. Kenya Plant and Animal Health Inspectorate Service.
13. Bukura Agricultural College.
14. Kenya Agricultural and Livestock Research Organization.
15. Kenya Marine and Fisheries Research Institute.

B) Industrialization and Enterprise Development

1. Development Bank of Kenya Ltd
2. Kenya Wine Agencies Ltd (KWAL)
3. New Kenya Co-operative Creameries.
4. Numerical Machining Complex.
5. Export Processing Zones Authority (EPZA)

C) East Africa Affairs, Commerce and Tourism

1. Kenya National Trading Corporation(KNTC)
2. Kenya Safari Lodges And Hotels Ltd(Mombasa Beach, Ngulia Lodge, Voi Lodge)
3. Kenyatta International Convention Centre.
4. Bomas of Kenya

D) Devolution and Planning

1. Constituency Development Fund.
2. Kenya National Bureau Statistics.
3. Kenya School of Government.

E) Labor and Social Security Services

1. National Social Security Fund Board of Trustees.

F) Education, Science and technology

1. Kenya Literature Bureau (KLB)
2. Higher Education Loans Board.
3. Kenya National Examination Council (KNEC)
4. National Commission for Science, Technology and Innovation.
5. Technical and Vocational Education and Training Authority.
6. Egerton University.
7. Jomo Kenyatta University of Agriculture And Technology
8. Kenyatta University.
9. Masinde Muliro University of Science and Technology.
10. Moi University.
11. Pwani University.
12. Technical University of Mombasa.
13. University of Nairobi.

G) Environment, Water and Natural Resources

1. National Water Conservation and Pipeline Corporation.
2. Kenya Wildlife and Forestry Conservation Service.
3. National Environment Management Authority (NEMA).
4. Kenya Forestry Research Institute.
5. Kenya Water Institute.

H) Transport and Infrastructure

1. Kenya Airports Authority(KAA)
2. Kenya Ports Authority (KPA).

3. Kenya Railways Corporation (KRC)
4. Kenya Ferry Services Ltd (KFS)
5. Kenya Civil Aviation Authority.(KCAA)
6. Kenya Maritime Authority.

I) Health

1. Kenyatta National Hospital.
2. National Hospital Insurance Fund.
3. Kenya Medical Research Institute (KEMRI)

J) National Treasury

1. Consolidated Bank of Kenya.
2. Kenya National Assurance Co.(2001) Ltd
3. Kenya Reinsurance Corporation Ltd
4. Kenya Post office Savings Bank.
5. Kenya Accountants and Secretaries National Examination Board
6. Local Authorities Provident Fund

K) Energy and Petroleum.

1. Geothermal Development Company (GDC)
2. Kenya Pipeline Company(KPC)
3. Kenya Power and Lighting Company (KPLC)
4. National Oil Corporation of Kenya.

L) Information, Communication and Technology

1. Kenya Broadcasting Corporation
2. Postal Corporation of Kenya
3. Communications Commission of Kenya

**APPENDIX V: LIST OF STATE PARASTATALS THAT PARTICIPATED IN
THE PILOT STUDY**

A) Interior and Coordination of National Government.

National Campaign against Drug Abuse Authority.

B) Office of the Attorney General and Department of Justice.

Kenya School of Law.

C) Sports, Culture and The Arts

National Museums of Kenya

D) Executive Office of the President

LAPSSET Corridor Development Authority.

E) Defense

Kenya Ordnance Factories Corporation.

F) Land, Housing and Urban Development

National Housing Corporation

G) Foreign Affairs And International Trade

Kenya Investment Promotion Service.

APPENDIX VI: DETERMINATION OF TOTAL SAMPLE SIZE

The total sample size was determined using Saunders *et. al.*, (2009) formulae as follows:

$$n = \frac{p\% \times q\% \times Z^2}{e\%}$$

Where:

n= the minimum sample size required for over 10,000 units of population

P% = 50, q% = 50, Z = 1.96, e% = \pm 5%.

n¹= adjusted sample size

p = 109

$$n = 50\% \times 50\% \times \frac{1.96^2}{5\%}$$

$$n = 0.5\% \times 0.5\% \times \frac{1.96^2}{0.05}$$

$$n = 0.5\% \times 0.5\% \times (39.2)^2$$

$$n = 0.5 \times 0.5 \times 1536.64$$

$$n = 385$$

$$n^1 = \frac{n}{1 + \frac{n}{p}}$$

$$n^1 = \frac{385}{1 + \frac{385}{109}}$$

$$n^1 = \frac{385}{1 + 3.5321}$$

$$n^1 = \frac{385}{4.5321}$$

$$n^1 = 84.949$$

Adjusted sample size, $n^1 = 85$ **State Parastatals**

APPENDIX VII: DETERMINATION OF STRATA SAMPLE SIZE

To assign the sample size to strata, proportionate stratification methodology was used where the sample size of each stratum was proportionate to the population size of the stratum as follows:

$$n_h = \frac{N_h}{N} \times n$$

N

Where :

n_h = sample size for stratum h

N_h = the population size for stratum h

N = total population size

n = total sample size

Strata / Sector	$n_h = \frac{N_h}{N} \times n$	Stratum Sample Size
	N	—
Agriculture Allied & Development	$\frac{19}{109} \times 85$	15
Trade, energy & Industrialization	$\frac{20}{109} \times 85$	16

Tourism, hosp& Hotel Industry	$\frac{7}{109} \times 85$	5
Finance, Investment& planning	$\frac{12}{109} \times 85$	10
Integrity & Services	$\frac{4}{109} \times 85$	3
Education, Science & ICT	$\frac{22}{109} \times 85$	17
Environment & Natural Resource	$\frac{4}{109} \times 85$	3
Transport, Telecom & Infrastruct	$\frac{17}{109} \times 85$	13
Health	$\frac{4}{109} \times 85$	3
<hr/>		
TOTAL		n = 85
<hr/>		

APPENDIX VIII: RESEARCH PERMIT FROM NACOSTI



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

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Ref: No.

Date:

NACOSTI/P/14/1423/1236

8th May, 2014

Peter Situma Sasaka
Jomo Kenyatta University of
Agriculture and Technology
P.O.Box 62000-00200
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Effects of strategic management practices on corporate social responsibility performance of parastatals in Kenya*," I am pleased to inform you that you have been authorized to undertake research in **all Counties** for a period ending **1st April, 2015**.

You are advised to report to the **Chief Executive Officers of selected Parastatals, the County Commissioners and the County Directors of Education, all Counties** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

Said Hussein
SAID HUSSEIN
FOR: SECRETARY/CEO

Copy to:

The Chief Executive Officers
Selected Parastatals.



National Commission for Science, Technology and Innovation is ISO 9001: 2008 Certified