

## **EFFECTS OF STRATEGIC MANAGEMENT PRACTICES ON CORPORATE SOCIAL RESPONSIBILITY PERFORMANCE OF PARASTATALS IN KENYA**

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**ABSTRACT:** *The main purpose of this research study is to assess the influence of strategic management practices on CSR performance of parastatals in Kenya. Four specific objectives form the study and these are: to examine the effect of strategic competitive practices on CSR performance of parastatals in Kenya; to find out the effect of strategic Corporate Governance practices on CSR performance of parastatals in Kenya; to determine the effect of strategic planning practices on CSR performance of parastatals in Kenya; and finally, to establish the effect of strategic total quality management practices on CSR performance of parastatals in Kenya. The target population will be all the 115 parastatals operating in Kenya as at December 2012 but excluding the ones earmarked for scrapping, creation and merging by the government in the next six months. A cross sectional survey and quantitative research designs will be adopted for the study. The participants will be randomly selected through multi-stage sampling technique amongst the 115 parastatals in Kenya and the total sample size will be 89 parastatals. The questionnaire will be used as the data collection instrument and it will be conveyed to the respondents through drop and pick technique. One questionnaire will be administered to each sampled parastatal and, that is, either to Chief Executive Officer or the Manager of Events & External Affairs or to the finance officer, and therefore the distributed questionnaires to these top managers will produce 89 respondents. Data analysis and interpretation will be based on descriptive statistics such as measures of location (mean) and measures of dispersion (standard error mean) as well as inferential statistics mainly multi-linear regressions, Pearson correlation, factor analysis and Analysis of Variance (ANOVA). The hypotheses will be tested at 95 percent confidence level (level of significance,  $\alpha = 0.05$ ). Data processing and analysis will finally be done through use of quantitative techniques by SPSS Version 20.*

**KEYWORDS:** Strategic Management Practices, CSR performance, Parastatals.

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## INTRODUCTION

The Kenya Institute of Management (KIM) has 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 participate in the Company of the Year Award (COYA) competition. The OPI serves as a mirror through which leaders in participating organizations study their state of affairs on crucial matters such as CSR performance, leadership, HR management, customer orientation, innovation and productivity among others (Wamari, 2013). This model encourages parastatals to undertake CSR performance when they participate in the COYA competition. Ngirachu (2013) reports that Miwani and Muhoroni sugar companies are under receivership. It is noted that CSR performance can improve governance of organizations. This has made corporate social responsibility (CSR) to draw a significant attention of CEOs and managers in the parastatals. However, Campbell (2007) asserts that the parastatals have not established the internal factors that may determine the CSR performance. McWilliams *et. al.*, (2006) argue that strategic management practices play a crucial role to address stakeholders and assess their expectations. The demands for CSR performance originate from external stakeholders and other demands from internal stakeholders (Aguilera *et.al.*, 2006). Therefore, if the parastatals can analyze the environment, they can account for issues of government regulations, social nature, communities and societies and hence develop proper responses. Beltratti (2005) also observes that strategic management practices are important in establishing CSR performance.

However, Galbreath (2010) Points out that the conceptual links between strategic management practices and CSR performance has little or no empirical verification. Campbell (2007) concurs that many researchers have centered on determining the contents of CSR activities instead of establishing the internal factors that may determine CSR performance. It is in view of this fact that this research paper puts an effort to fill gaps in the literature by responding to the call of Galbreath (2010) to establish the effects of strategic management practices on CSR performance. Also to fill the gap by the studies done on the effect of strategic management practices on organizational financial performance (Verreynne, 2006). Therefore, this study will seek if strategic management practices are linked to CSR performance. This study will therefore consider strategic planning practices, strategic corporate governance practices, strategic competitive practices and strategic total quality management practices as important factors determining CSR performance.

Over the years, 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 struggling to enhance their image as socially responsible institutions and being able to help find and contribute solutions to major social, economic and environmental issues. According to Samuel and Sarir (1997), the mid 1990s was the watershed years for social responsibility issues. At this time, two leading multinational corporations were compelled by ethical market forces to reorient their business attitudes. In 1995, Shell dumped its Brent Spar platform in the North Sea. Public agitation in Europe led to a 70% decline in sales in Germany over one fortnight. Nike, the shoe and apparel company faced declining sales as a result of a campaign against child labor and

worker exploitation in the 700 factories across the 40 countries where Nike worked with subcontractors. These two cases are illustrative to the forces that have led to companies recognizing the concept of corporate social responsibility. 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 are the source of the legitimacy of the organization. In other words, this suggests an organization keenly keeping a check on the so called 3Ps, that is, planet, people and profits so that at every level there is a clear trade off not to act to the detriment of one of the Ps. Maimunah (2009) argues that CSR involves 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 need to be able to adapt to new demands from the market and the society in which they operate. Socially responsible organizations consider 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.

Managers and executives of parastatals have captured the concept of CSR but the links between CSR performance and strategic management practices have seen little or no empirical verification in Kenya. Marsiglia and Falautano (2005) expound that the financial scandals and the drop of investors' confidence have made CSR Performance a major aspect in organizations' strategy. Fombrun *et. al.*, (2000) argue that a corporation's improvement in investors' trust, new market opportunities and positive reactions of capital markets can only be realized through involvement in CSR performance by continuously monitoring internal and external events and trends so that the required changes can be made as needed. A parastatal must be able to identify and adapt to change. The purpose to adapt to change therefore makes a parastatal to identify the strategies to pursue (Aluko *et. al.*, 2004). Klein and Dawar (2004) further observe that CSR performance has a lot of value to the corporation in the form of acting as an insurance policy against financial scandals and the drop of investor's confidence.

However, as the parastatals increase their adoption of CSR performance, managers are under pressure to justify the allocation of scarce firms' resources and also provide accurate measurement of CSR performance. On the same note, as different firms continue embracing CSR performance through various activities, there is little guidance on how firms should do this and integrate CSR performance in strategic manner and what form of CSR performance should be undertaken in the parastatals. Husted and De Jesus Salazar (2006) explain that firms are now embracing CSR performance ranging from preventing harmful emission in an environment to donating money to a needy cause. Joyner and Payne (2002) further explain that firms focus on CSR performance through various activities ranging from ad-hoc and reactive programs to more proactive and strategic benefit to the firm. However, parastatals lack strategic management practices and ability to select CSR projects (Beaver, 2007). Galbreath (2010) asserts that the conceptual links between strategic management practices and CSR performance have little or no empirical verification. Much emphasis has been put on examining the content of CSR activities instead of establishing the internal factors that shape the CSR performance. It is also noted that most researches done, that is, both theoretical and empirical, have focused the studies only on the relationships between CSR and corporate financial performance (Rowley and

Berman, 2000). The growth of CSR performance has received a lot of attention from the business, the media and researchers but the reasons for the parastatals' CSR performance still remain a dilemma. As the CSR performance is accelerated by parastatals, scholars and practitioners ask themselves what constitutes the best strategic management practices.

Hopkins (2001) recommends that there is an increasing support of a wider and more inclusive concept of strategic management practices that extend to CSR performance. It is noted that CSR and corporate governance play a major role in financial markets, but the effect of corporate governance on CSR performance has 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 are proposed. But as much as these discussions about CSR engagements emerge, the parastatals' engagement in CSR is still a topical subject with disagreement about what influences it. Therefore, in this study the researcher would examine the relationship between CSR performance and strategic management practices by exploring the effects of various strategic management practices on parastatals' CSR performance. Similarly, research on strategic management practices that determine CSR performance as well as corporate performance have not been carried out (Galbreath, 2010). Strategy is looked at as a detailed plan for parastatals in achieving success and CEOs employ strategy to achieve outcomes. Strategic management practices and CSR performance in parastatals move together, however, most parastatals place little emphasis on embracing appropriate strategy for improved CSR performance. Hence, there is need to focus this study on what shapes a CSR and examine the influence of strategic management practices on CSR performance in parastatals. The study will also seek to provide how strategy will be used for improved CSR performance. In view of the existing gaps, this study's approach is focused to fill the gaps in the literature by empirically assessing the influence of strategic management practices on CSR Performance with a specific focus on Kenyan parastatals. According to Jamali *et. al.*, (2008) the recent massive corporate failure and scandals have captured the attention of the business community towards the subject of CSR performance and hence the need for the study. This research therefore seeks to investigate the influence of strategic management practices on CSR performance of parastatals in Kenya.

### **Objectives of the study**

The study will seek to achieve the following objectives:

- a) To examine the effect of strategic competitive practices on corporate social responsibility performance of parastatals in Kenya.
- b) To find out the effect of strategic corporate governance practices on corporate social responsibility performance of parastatals in Kenya.
- c) To determine the effect of strategic planning practices on corporate social responsibility performance of parastatals in Kenya.
- d) To establish the effect of strategic total quality management practices on corporate social responsibility performance of parastatals in Kenya.

## LITERATURE REVIEW

For this study with all the CSR performance indicators used, performance will tend to increase significantly as the level of strategic management practices increase. In conclusion, this study suggests that an efficient and effective strategic management system can increase CSR performance by parastatals. In order to specifically address the arising research gaps, the next section will present the conceptual framework that guides the study.

### 2.1 Conceptual Framework

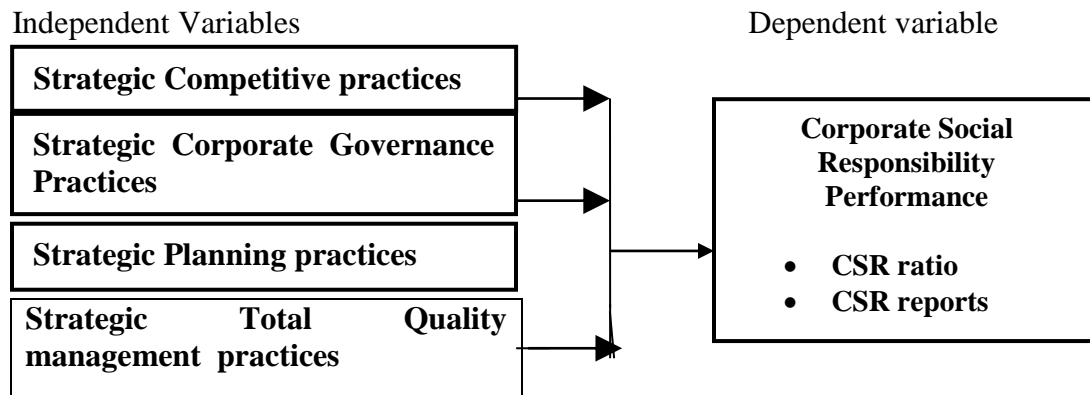


Figure 2.1.1 Conceptual framework

## EFFECTS OF STRATEGIC MANAGEMENT PRACTICES ON CSR PERFORMANCE.

### Strategic Competitive practices and CSR performance

Parastatals operate under a very competitive environment and their operations are always put under close scrutiny. Hillman and Keim (2001) observe that the Parastatals can use CSR performance for their differentiation and hence gain a competitive advantage through securing investment capital. One of the strategic management questions in the CSR performance is whether implementing CSR has an effect on parastatal competitiveness (Draper, 2006). Competitiveness is one of the key drivers for adapting CSR approach (Haigh and Jones, 2006). However, the relationship between CSR and competitiveness is not quite clear (Porter and Kramer, 2006). Gueterbook (2004) observes that embracing CSR performance contributes to both short term profits and long term competitiveness. Van de ven and Jeurissen (2005) argue that there is a relationship between competitiveness and CSR performance but the connection is unclear. Lowell (2007) argues that considering CSR performance by using systems based on tangible performance measurement alone is not enough as it does 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.

Porter (2001) 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 operates, but competitive forces should be looked into in relation to competitive strategies the parastatal uses such as cost leadership, differentiation or focus strategies. Mintzberg (1994) argues that parastatals should use strategies that establish solid long term corporate visions and leaving flexibility for the specifics of daily operations to adapt. This is because it is difficult to properly anticipate future events and hence plan resource allocation and actions for long term strategies. Mintzberg recommends that parastatals should consider building institutional capacities and competencies so that they have the resources to understand, confront and respond to unexpected changes in the market. Pruzan (2001) concludes that CSR performance should be aligned with emergent strategies which develop institutional capacities. Grant (2000) observes that integrating CSR performance 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, contributes to implement a successful strategy in the parastatals. Fan (2005) notes that the success of a parastatal depends on the relationship with its major stakeholders, understanding of the competitive environment, image and reputation built on transparency, information, communication and reporting practices.

### **Strategic corporate governance practices and CSR performance**

Parastatals have exhibited an increasing interest in corporate governance and CSR performance in the recent past. According to Jamali *et. al.*, (2008) CSR performance is an extended model of corporate governance and therefore to be successful in CSR performance, a parastatal should be successful in its corporate governance. Therefore, there is an overlap between corporate governance and CSR performance because both concepts give importance to the concepts such as accountability, transparency and honesty. Corporate governance deals with the internal handling of a parastatal such as general business ethics and proper business guidelines, whereas CSR complements what corporate governance does by specifically dealing with the stakeholders such as the environment and the public. The corporate governance in parastatals is developed on the framework of balancing the interests of a variety of key groups such as employees, managers, creditors, suppliers, customers and community (Solomon and Solomon, 2004). Corporate governance affects all activities of the parastatals that either produce goods or provide services (Turnbull, 1997). Parastatals must be governed well in order for them to achieve their objectives. Francis (2000) 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 practices.

Adams (2002) notes that for parastatals to run well, managers are to run them while boards are to ensure that parastatals are run effectively and in the right direction. It has been acknowledged by Clarke (2004) that improved corporate governance is critical for the growth and development of the Kenyan economy. Many other studies have revealed that there are links between the

performance of the parastatals and the governance practices of their boards (Kiel and Nicholson, 2002). Other studies carried out in the US by Gompers *et. al.*, (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.

Monks (2002) observes that corporate governance framework should include 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 is noted that corporate governance plays a major role in the management of CSR performance. Parastatals are meant to serve a broader social purpose than just maximizing the wealth of shareholders. Parastatals are social entities that affect the welfare of many stakeholders where stakeholders are groups or individuals that interact with a parastatal and that affect or are affected by the achievement of the parastatal's objectives (Donaldson and Preston, 1995). Ulrich (2008) asserts that stakeholders can be instrumental to a parastatal's success and have moral and legal rights. Therefore, Freeman and Mcvea (2001) conclude that when stakeholders get what they want from a firm, they return to the firm for more. It is also purported that the corporate leaders should consider the claims of stakeholders when making decisions and conduct business responsibly towards the stakeholders (White, 2009).

It is noted that corporate scandals are as a result of failure by parastatals to consider stakeholder concerns in decision making (Watkins, 2003). Participation of stakeholders in parastatals decision making can enhance efficiency and reduce conflicts (Rothman and Friedman, 2001). Corporate governance structures influence top level executives in determining and developing strategies related to CSR performance. Kendall (1999) mentions that good governance consists of responsibility and due regard to the wishes of all stakeholders and ensuring parastatals are answerable to all stakeholders. Ho (2005) notes that good corporate governance practices enhance organizational competitiveness and hence good financial and CSR performance.

### **Strategic Planning practices and CSR performance**

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 practices according to McWilliams *et. al.*, (2006) are viewed as critical ways that the parastatals use to address the stakeholders to analyze their expectations. Burke and Logsdon (1996) narrate that firms analyze the environment which enables them to account for issues of government regulations, social nature, communities and societies, and hence establish the right responses. Mintzberg and Lampel (1999) observe that Strategic planning practices are the articulation and elaboration of strategies, or visions that already exist. Harrington *et. al.*, (2004) conclude that a firm's strategic planning practices should guide all those activities necessary to adapt the environment and also including those associated with CSR performance. Anderson (2000) explains further that formal strategic planning practices enable the management in establishing right and proper strategic path for parastatals as a whole. Slater *et. al.*, (2006) observe that an active and systematic assessment of environmental conditions is very important for actualizing CSR since formal analysis of external and internal environments generates

information that enables top level management taking proactive actions in uncertain environments.

Fineman and Clarke (1996) argue that by assessing the external environment, some issues of non-market nature related to firms' formal strategic planning practices are found. The issues include behaving socially responsible towards communities and natural environment. O'shannassy (2003) asserts that parastatals should always analyze internal stakeholders in their strategic planning practices. For instance, when parastatals are regularly engaging their employees in strategic discussions as a part of formal planning process, they are likely to develop such strategies and practices that increase the chance of social responsibility of parastatals towards their internal stakeholders (Covin and Miles, 2007).

Galbreath (2010) argues that when different functions interact with various stakeholders, they get information on the stakeholders' individual needs. Miles *et. al.*, (2006) concur that since CSR is multifunctional in nature, integration in various functional areas help 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 can be received from outside consultants and experts to establish strategies that meet CSR. Slater *et. al.*, (2006) note that formal strategic planning practices are very important preconditions for efficient CSR performance in all parastatals. By use of strategic planning practices, efforts analyze both internal and external environments, use knowledge from multiple resources, and assist parastatals to understand and formulate responses to meet the demands for CSR. It is argued that since parastatals operate in highly competitive environments, creating a winning strategy is 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 is very important. Schraeder (2002) observes that CEOs, top management and line management are involved in strategic planning practices when there is high demand for proactiveness, environment is complex, and speed of adjustment in conditions of high competitive pressure. This means that strategic planning practices can be done through internal orientation, external orientation, functional coverage, formal, informal, and centralization process.

### **Strategic total quality management practices and CSR performance**

Total quality management practices consider customer satisfaction, participatory management and results orientation. As a model, it provides a set of methods and practices that are appropriate at all levels of management. Lopes and Capricho (2007) argue that TQM allows the parastatals to get feedback and evaluation on an integrated way throughout the business cycle of the parastatal. Bergquist *et. al.*, (2006) explain further that TQM practices originated from Japan where continuous search for quality products has continued to yield the desired results. Rouse (2005) asserts that TQM practices are categorized into plan, do, check and act cycle. In parastatals, low quality services have been experienced and this has generated low expectations, dissatisfaction and frustration. However, the parastatals can apply TQM practices and register some improvements. Bergman and Klefsjo (2003) note that TQM practices are 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 practices explain a comprehensive and structured approach to firm management which majorly aims 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 practices of improving CSR performance is achieved by improving customer satisfaction through the best possible product quality. The investments in CSR depend on the environmental quality of the parastatals. Gazzola and Mella (2006) narrate that each investment in CSR is an investment that can maintain the value-loyalty faith of the consumers and this is close to reputation. Investments in quality and productivity influence the perception that stakeholders have of the firm, allowing them to assess its reliability, and generate an appreciation of the firm, which are the engines behind the trust of customers and the environment. There is a relationship between quality practices and CSR.

Ghobadian *et.al.*, (2001) highlight that TQM practices are management innovations used globally in parastatals. The CSR and TQM practices impinge on all aspects of parastatals. It is reported that CSR and TQM practices have some degree of overlaps between them. This makes McAdam and Leonard (2003) to conclude that TQM practices with its greater penetration in parastatals of all shapes and sizes can act as a main factor for developing CSR within the public sector. While Rawlings (2008) explains TQM practices as being perceived as organization-friendly and compatible with the main goal of organizations, Ahmed and Machold (2004) mention that it is possible for managers to reject CSR on the grounds that moral principles are incompatible with those of rational principles. Ghobadian *et. al.*, (1998) concur that TQM practices successfully strike 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 accepts 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 reports that TQM practices can play an important part in facilitating a deeper penetration of CSR in a broad range of parastatals. It is argued that CSR has an effect on parastatals and has a strong affinity to the principles of a quality management.

Wicks and Freeman (1998) argue that TQM practices are driven by a set of interrelated concepts that simultaneously feature management practice and moral values. Moir (2001) concurs that TQM practices and CSR share similar ethical anchors and instrumental dimension. A number of empirical studies carried out reveal that there are several benefits realized as a result of TQM practices introduction. The US GAO (1990) did a study on 20 organizations that had implemented TQM practices and revealed: superior financial performance; improved employee relations; improved operating procedures; and enhanced customer satisfaction. Roth (1993) alleges that the improvement in the financial and operational performance resulting from TQM practices is critical to the likelihood of parastatals behaving ethically.

### **CSR Performance**

Carroll (2000) notes that the evaluation of CSR performance is important both for business and society. Sirgy (2002) observes that when parastatals measure CSR performance, they can establish their strengths and weaknesses to modify their strategies and define opportunities for improvement. Carroll (2000) asserts further that the establishment of valid and reliable indicators

is vital for measurement process. According to Turker (2009) the first type which is general does not consider the direct and indirect effects of its sector in society. But Azapagic (2004) suggests the second type which considers general and sector- specific indicators. However, according to Gjolberg (2009) there is no agreed approach to assess CSR performance and it is not also possible to determine CSR indices. Different ways are provided to measure the CSR performance. Igalens and Gond (2005) recommend five different ways of measuring CSR performance: first, the contents of annual publications; secondly, pollution indexes; thirdly, perceptual measurements that depend on questionnaire surveys; fourthly, corporate reputation indicators; and fifthly, data produced by measurement organizations. The shortcomings are mentioned for these methods as: a content of annual publications measurement is subjective and is easily modified; pollution indexes are not applicable to all types of industries; questionnaire surveys are affected by administration preparation; and corporate reputation and data produced by measurement organization have halo effect. On the other hand, Maignan and Ferrell (2000) recommend three main categories: expert evaluations, single- and multiple- issue indicators, and surveys of managers. It is also observed that expert evaluations and single indicators such as pollution index has a short- coming of representing only one dimension of the multiple aspects of CSR. The surveys of managers if used as CSR performance measurement, it will depend on the dedication of corporate managers on the commitment of CSR initiatives (Graafland *et. al.*, 2004) and hence the assessment of performance will not be precise.

Turker (2009) recommends four approaches to assess CSR performance: 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 is concluded that scales that measure the CSR perception of individuals is 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 will use the perceptual measurements that depend on questionnaire surveys and content analysis of documents.

## **RESEARCH METHODOLOGY**

### **Research Design**

The study will utilize quantitative research design as it will seek to establish the relationships among the key study variables, namely, strategic competitive practices, strategic corporate governance practices, strategic planning practices, strategic total quality management practices and CSR performance results. Christensen *et. al.*, (2011) note that quantitative design is a systematic way of collecting numerical information and analyzing it using statistical procedures. This quantitative study will aim to empirically analyze the influence of strategic management practices on corporate social responsibility performance. Barker *et. al.*, (2002) note that quantitative designs facilitate greater precision in measurement and also avail a good basis for generalizing results over and above the study sample. The quantitative design similarly enhances comparisons because the researchers are able to obtain feedback from a big number of people for comparisons.

### Target Population

According to Pole and Lampard (2002), a target population is classified as all the members of a given group to which the investigation is related, whereas the accessible population is looked at in terms of those elements in the target population within the reach of the study. This will be a cross-sectional study of 115 classified parastatals operating in Kenya as at December 2012 but excluding the ones earmarked for scrapping and merging by the government in the next six months. According to Leftie (2013), the number of parastatals will be whittled down to 187 from the current 262 in line with recommendations made by a task force within a period of three to six months. In view of this fact therefore, the population of interest in this study will consist of 115 parastatals in Kenya excluding the ones being scrapped, merged and created.

### Sampling Technique and Sample size

Having established the population of study, multi-stage sampling procedure will be administered to select the subjects of study. In the first stage, random sampling will be done from the sampling frame which is divided into 9 non-overlapping strata to select the respondents. When assigning sample to strata, proportionate stratification method will be used.

The population will be 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. The research instrument will then be administered upon one top most manager of each sampled parastatal to get the desired response to the questionnaire. The researcher will choose the top one executive because he or she will be knowledgeable about the measurement activities of the entire parastatal and will exclude other departmental heads on the basis that many sectional heads have measurement knowledge restricted to their areas of operation only but the finance officer always participates in budgetary process of the entire parastatal and uses 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) and Bart *et.al.*, (2001) are the most capable persons to provide a valid response to questions related to the parastatals' strategies, one manager from each parastatal will be considered as the research target respondent. Such one respondent will enable the researcher to obtain a clear picture of the situation in the parastatals. The total sample size for this study will be obtained using the formulae developed by Saunders *et. al.*, (2009). The adjusted sample size is 89. .

### Data analysis and presentation

Data will be analyzed using quantitative technique. Inferential statistics will include Analysis of Variance (ANOVA), Pearson correlation and Multi linear regression analysis. These will be used to establish the relationship among the study variables and to test the formulated hypotheses at 95% confidence level and 5% level of significance. The logistic regression model for this study takes the form:

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

Where:

Y = dependent variable (CSR performance).

$\beta_0$  = Constant or intercept which is the value of dependent variable when

all the independent variables are zero.

$\beta_{1-4}$  = Regression coefficient for each independent variable.

$\epsilon$  = Stochastic or disturbance term or error term.

$X_1$  = Strategic Competitive Practices (SCP)

$X_2$  = Strategic Corporate Governance Practices (SCGP)

$X_3$  = **Strategic Planning Practices (SPP)**

$X_4$  = **Strategic Total Quality Management Practices (STQMP)**

**Hypothesis testing**

The study will be based on the premise that strategic management practices influence CSR performance. Accordingly, four relevant hypotheses are set to guide the study in the conceptual framework. All the hypotheses will be tested at 95 percent confidence level (level of significance,  $\alpha = 0.05$ ). The following table outlines the relevant two-tail hypotheses tests and the respective regression models.

Table 3.5.1: Study hypotheses and analytical models

Hypothesis statement	Hypothesis test	Decision rule and anticipated model
$H_{01}$ : There is no relationship between Strategic Competitive Practices (SCP) and CSR Performance (CSRP).	-Karl Pearson’s zero order coefficient of correlation (Beta test) $H_0: \beta_1 = 0$ $H_A: \beta_1 \neq 0$ -To conduct a t - test to determine individual significance of the relationship. -To conduct a F - test (ANOVA test) to assess overall robustness and significance of the simple regression model.	Reject $H_{01}$ if P- value $\leq 0.05$ otherwise fail to reject $H_{01}$ if P-value is $> 0.05$ $CSRP = \alpha + \beta_1 SCP + \epsilon$ Where: $CSRP$ = aggregate mean score of CSR performance. $\alpha$ = y – Intercept. $\beta_1$ = Regression coefficient (beta) $SCP$ = aggregate mean score of strategic competitive practices. $\epsilon$ = error term- random variation due to other unmeasured factors.
$H_{02}$ : There is no relationship between Strategic Corporate Governance Practices (SCGP) and CSR Performance (CSRP).	- Karl Pearson’s zero order coefficient of correlation (Beta test). $H_0: \beta_2 = 0$ $H_A: \beta_2 \neq 0$ -To conduct a t - test to determine individual significance of the relationship. -To conduct a F test (ANOVA test) to assess overall robustness and significance of the simple	Reject $H_{02}$ if P- value $\leq 0.05$ otherwise fail to reject $H_{02}$ if P – value is $> 0.05$ $CSRP = \alpha + \beta_2 SCGP + \epsilon$ Where : $CSRP$ = aggregate mean score of CSR performance. $\alpha$ = y- intercept. $\beta_2$ =Regression coefficient (beta).

	<p>regression model.</p> <p>-Karl Pearson's zero order</p>	<p>SCGP = aggregate mean score of Strategic corporate governance practices.</p> <p><math>\varepsilon</math> = error term random variation due to other unmeasured factors.</p>
<p>H<sub>03</sub>: There is no relationship between Strategic Planning Practices (SPP) and CSR Performance (CSRP).</p>	<p>coefficient of correlation (Beta test).</p> <p>H<sub>0</sub>: <math>\beta_3 = 0</math></p> <p>H<sub>A</sub>: <math>\beta_3 \neq 0</math></p> <p>-To conduct a t – test to determine individual significance of the relationship.</p> <p>-To conduct a F – test (ANOVA test) to assess overall robustness and significance of the simple regression model.</p>	<p>Reject H<sub>03</sub> if p- value <math>\leq 0.05</math> otherwise fail to reject H<sub>03</sub> if P-value is <math>&gt; 0.05</math></p> <p>CSRP = <math>\alpha + \beta_3</math> SPP + <math>\varepsilon</math></p> <p>Where :</p> <p>CSRP = aggregate Mean score of CSR performance.</p> <p><math>\alpha</math> = y- intercept.</p> <p><math>\beta_3</math> = Regression coefficient (beta)</p> <p>SPP = aggregate mean score of strategic planning practices.</p> <p><math>\varepsilon</math> = error term- random variation due to other unmeasured factors.</p>
<p>H<sub>04</sub>: There is no relationship between Strategic Total Quality Management Practices (STQMP) and CSR Performance (CSRP).</p>	<p>Karl Pearson's zero order coefficient of correlation (Beta test).</p> <p>H<sub>0</sub>: <math>\beta_4 = 0</math></p> <p>H<sub>A</sub>: <math>\beta_4 \neq 0</math></p> <p>-To conduct a t – test to determine individual significance of the relationship.</p> <p>-To conduct a F – test (ANOVA test) to assess overall robustness and significance of the simple regression model.</p>	<p>Reject H<sub>04</sub> if p- value <math>\leq 0.05</math> otherwise fail to reject H<sub>04</sub> if P-value is <math>&gt; 0.05</math></p> <p>CSRP = <math>\alpha + \beta_4</math> STQMP + <math>\varepsilon</math></p> <p>Where :</p> <p>CSRP = aggregate Mean score of CSR performance.</p> <p><math>\alpha</math> = y- intercept.</p> <p><math>\beta_4</math> = Regression coefficient (beta)</p> <p>STQMP = aggregate mean score of Strategic Total Quality Management Practices .</p> <p><math>\varepsilon</math> = error term- random variation due to other unmeasured factors</p>

## **IMPLICATIONS (THEORY AND PRACTICES)**

On managerial implications, this study raises questions to the importance of strategic management practices. It is noted that most parastatals spend a lot of efforts on strategic management practices without tangible results. To deal with these problems, this study will reveal on the whole how strategic management practices will positively link with CSR performance. As parastatals in Kenya continue facing ever growing challenge to demonstrate that they take CSR performance seriously (Waddock *et. al.*, 2002), strategic management practices will probably help in the establishment of such deeds and actions that display good CSR behavior. CSR performance has drawn attention in the parastatals. However, according to Aguilera *et. al.*, (2007), little is known empirically about what determines parastatals' CSR performance. Therefore, this paper will offer some evidence as to what drives CSR performance by considering strategic planning practice, strategic competitive practices, strategic corporate governance practices and strategic total quality management practices in the next publication with data analyzed and results presented. To test the hypothesis, the researchers will present the analysis results to be published in detail in the research journals later in the year.

## **CONCLUSION**

This study will aim to present the findings that propose that strategic management practices have their links with CSR performance. The researchers will wish to establish whether or not parastatals which utilize strategic management practices such as strategic planning practices, strategic corporate governance practices, strategic competitive practices and strategic total quality management practices results in evident CSR performance. Based on the findings, the researchers will establish whether or not parastatals which adopt strategic management practices possibly develop deep insight into the demand of social responsibility, hence enabling and promoting CSR policy and practices.

## **LIMITATIONS**

Along with some important managerial and academic implications, this study will have some limitations. Data will be collected, analyzed and results presented later in the next publication. The study is a PhD proposal thesis and therefore analysis of data will be done at a later date. However, the main contribution of this study will be to give some light as to what drives CSR performance in the midst of recent massive corporate failures and scandals in the parastatals in Kenya.

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