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

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ABSTRACT
Performance of Corporate Social Responsibility is heralded by some strategy academics and practitioners as the new paradigm of management. Recent massive corporate failures and scandals have aroused attention to re-looking at the significant effect of strategic management practices on the performance of Corporate Social Responsibility of parastatals in Kenya. There is little theoretical and empirical attention paid to understanding the reasons why or why not parastatals engaged in performance of Corporate Social Responsibility. Much emphasis has been on establishing the effect of Corporate Social Responsibility on financial performance instead of examining the effect of strategic management practices on the performance of Corporate Social Responsibility. To this effect, scholars have called for more rigorous studies to determine the usefulness of strategic management practices as strategic orientation for performance of Corporate Social Responsibility. Four specific objectives formed the basis of study and these are 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 parastatals in Kenya. The findings of the study show that the independent variables SCP, SCGP, SPP and STQMP had a significant effect on the performance of Corporate Social Responsibility. Further, variables SCP and STQMP had a positive significant effect on the performance of Corporate Social Responsibility while variables SCGP and SPP had a negative effect on the dependent variable but all of them were significant. The regression coefficient for SCP was both positive and significantly different from
The regression coefficient for SCGP was negative (Beta = -0.149) and thus was significantly different from zero (t = -2.011, p-value = 0.046). The coefficient for SPP was both negative and moderate but the standard t-test was significant (t = -3.296, p-value = 0.001). STQMP was positive as hypothesized and the coefficient was significantly different from zero (t = 9.407, p-value = 0.000). Therefore, the hypotheses for the two of the theoretical variables (SCP and STQMP) were supported by the data while the effect of SCGP and SPP was negative. As much as STQMP had the highest effect, the other practices had moderate effect whose effect cannot be ignored. Research findings indicate that strategic management practices in the parastatals remained a critical challenge to performance of Corporate Social Responsibility. The findings also indicate disconnect between resource allocation by the government and performance of Corporate Social Responsibility. Therefore, from the findings the study concludes that the greater the usage of strategic management practices in the parastatals, the greater would their performance of Corporate Social Responsibility be. The study recommends that parastatals in Kenya should adopt strategic management practices to facilitate improvement in their corporate image and reputation and ultimately general performance in the global arena. From the study, it comes out clearly that all the practices had an effect on performance of Corporate Social Responsibility. The study provides assistance to policy makers on coming up with clear policies on improving performance of Corporate Social Responsibility of Parastatals.

**Key words:** Strategic competitive practice, strategic corporate governance practice, strategic planning practice, strategic total quality management practice, performance of corporate social responsibility, strategic management.

### 1.0 Introduction

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 was in this light that Lyon and Maxwell (2004) argue that institutional pressures had 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 vis-a-vis society in order to maintain a stable relationship with the society.
Strategic management practices were 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 had 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).

The worldwide events/ scandals such as Enron and WorldCom in the US in 2002 touching on high profile company failures had intensified discussions on the efficacy of strategic management practices as a way of increasing performance of CSR of parastatals. Parastatals are majorly governed by the national government legislation but national legislation in Kenya can be weak and therefore lack an acceptable legal framework to adequately enforce social and environmental rights. Hence there may be no political will to enforce the necessary laws. Where there are unclear rules and also control is not easy, parastatals can do whatever they can choose not to do what they need to do due to unclear legal obligations. Hence so many unethical behavior and corporate scandals. The scandals in Kenya such as the Goldenberg and Anglo leasing, among many others, have raised questions on the quality of strategic management practices because of chronic loss of trust in systems that were put in place and this made it difficult for parastatals to ignore their ethical responsibilities. These scandals have involved one or more parastatals and government institutions and have remained in public domain.

Managers and executives of parastatals have captured the concept of CSR but the links between performance of CSR and strategic management practices have 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 were then 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 moved together, however, most parastatals placed 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. Commercial parastatals make good profits and pay dividends to treasury while other self-financing parastatals i.e. the regulatory agencies manage to generate funds at fairly sustainable levels. 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. However, research on strategic management practices that determined performance of CSR as well as corporate performance has not been carried out (Galbreath, 2010). It is against this backdrop that this research was carried out to fill the gap and in addition, to provide an appropriate understanding via empirical results of the effect of SMP on the performance of CSR from a Kenyan context.
1.2 Objectives of the study
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 parastatals in Kenya.
2) To establish the effect of strategic corporate governance practice on the performance of corporate social responsibility of parastatals in Kenya.
3) To determine the effect of strategic planning practice on the performance of corporate social responsibility of parastatals in Kenya.
4) To establish the effect of strategic total quality management practice on the performance of corporate social responsibility of parastatals in Kenya.

1.3 Research Hypotheses
The study tested the following null hypotheses:-
H01 There is no significant effect of strategic competitive practice on the performance of corporate social responsibility of parastatals in Kenya.

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

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

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

2.0 Theoretical framework
Fox and Bayat (2007) note that a theoretical framework was the application of a theory or 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. 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) observed 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) noted 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 on the other hand competitive advantage and parastatal performance are connected to performance of CSR (Wood, 2010), this research focused on theories related to strategic stakeholders. The theories which advanced this research and enhanced understanding amongst parastatals were: resource based view theory, structural contingency theory, social contract theory, legitimacy theory, and stakeholder theory.

2.1 Conceptual framework
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.
2.3 Review of theoretical literature

2.3.1 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.

a) Differentiation

Parastatals operated under a very competitive environment and their operations were 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.

b) Cost leadership

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.

c) Focus
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.

2.3.2 Strategic Corporate Governance Practice
Corporate social Responsibility is used interchangeable 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.

a) Transparency
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.

b) Honesty and disclosure
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).

c) Accountability
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.

2.3.3 Strategic Planning Practice
Strategic planning was one such driver that drives parastatals towards proactive CSR through creating awareness of and formulated responses to parastatals’ stakeholders, hence enabling CSR.

a) External orientation
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 pre-empt 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.

b) Functional integration
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 got 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.

c) Internal orientation
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.

2.3.4 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. 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.

a) Customer focus
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.

b) Continuous improvement
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.

c) Process orientation and supplier management

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).

3.0 Methodology and data

3.1 Population of the study

The population of interest in this study consisted of 109 parastatals in Kenya’s all sectors classified into nine key sectors which beyond no reasonable doubt were not merged or scrapped. The target population was made up of parastatal managers in the ranks of CEO, General Manager, Assistant General Manager, operations manager Events and External affairs manager, Public relations manager, CSR strategy manager and Finance officer. However, the targeted population was 170 top managers who provided the desired responses. The sectors included: Agriculture Allied & development 30, Trade, energy & industrialization 32, tourism, hospitality & hotel industry 10, Finance, investment & planning 20, integrity & services 6, Education, science & ICT 34, Environment & natural resources 6, transport, telecommunication & infrastructure 26, and Health 6.

3.2 Reliability and Validity of results

Cronbach’s alpha is a reliability coefficient that indicates how well items in a set are positively correlated to one another. 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.

\[
\text{KR-20} = \frac{(K)(S^2 - \sum s^2)}{(s^2)(k-1)}
\]

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
Table 1: Results of Cronbach’s alpha for Reliability assessment

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

Results from table 1 shows that cronbach alpha for the study variables was higher than the baseline indicating internal consistency and validity of questionnaire items along with variables and hypotheses as demonstrated by the total alpha value.

3.3 Normal Distribution Test

To test for normality of the distribution of data, skewness and kurtosis tests were used with study variables and significance was higher than (P≤ 0.05) level confirming the normal distribution of the data. Figures 1 and 2 present the results.

Figure 1: Normality-skewness and kurtosis tests for strategic management practices

The histograms in figures 1 and 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. As shown by the histogram below, there are no outliers in this distribution.
4.0 Empirical findings
4.1 Correlation coefficients between SMP elements and PERFCSR
The study used correlation technique to assess the association between SMP components and performance of CSR with the Karl Pearson correlation coefficient (r) analysis which gives a statistic that lies between -1 and +1. The correlation coefficient showed the magnitude of the association between two variables (Mugenda and Mugenda, 2003).

Table 2: Correlation coefficients between SMP elements and PERFCSR

<table>
<thead>
<tr>
<th>Variable</th>
<th>SCP</th>
<th>SCGP</th>
<th>SPP</th>
<th>STQMP</th>
<th>PERF CSR</th>
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<td>SCP</td>
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<td>Pearson</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correlation</td>
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<td>1</td>
<td>.325**</td>
<td>.581**</td>
<td>.503**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
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<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>136</td>
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<td>SCGP</td>
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<td>Pearson</td>
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</tr>
<tr>
<td>N</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td>SPP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson</td>
<td></td>
<td>.325**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correlation</td>
<td>1</td>
<td>.469**</td>
<td>.654**</td>
<td></td>
<td>.298**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td>STQMP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson</td>
<td></td>
<td>.581**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correlation</td>
<td>.605**</td>
<td>.654**</td>
<td>.706**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
</tr>
</tbody>
</table>
Table 2 showed varied levels of significant effect of strategic management practices on the performance of CSR. Particularly, Strategic competitive practice (SCP) and strategic total quality management practice (STQMP) were positively correlated with coefficient estimates of correlation of 0.581. Similarly, performance of CSR (PERFCSR) and strategic competitive practice (SCP) was positively correlated. The results therefore suggested that an increase in strategic competitive practice (SCP) was dependent on performance of CSR.

The highest positive percentage was strategic total quality management practice (STQMP) with coefficient correlations of 70.6 percent (r = 0.706) and followed by strategic competitive practice (SCP) with 50.3 percent (r = 0.503) and they were both positively and significantly correlated. This meant that as the strategic management practices (SCP, SCGP, SPP and STQMP) increased, performance of CSR (PERFCSR) also increased.

In the same breath, the correlation results in Table 2 further showed that SCGP had a positive and significant effect on the performance of CSR of parastatals in Kenya. The results indicated that SCGP accounted for 33.1 percent (r = 0.331) of the unit performance of CSR and this was a moderate association. The study findings were 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.

Consequently, Table 2 on correlation results showed that SPP had a positive and significant effect on the performance of CSR of parastatals in Kenya. The results indicated that SPP accounted for 29.8 percent (r = 0.298) of the unit performance of CSR and this was small but definite relationship. The findings are in agreement with those of Harrington et.al., (2004) who conclude that a firm’s SPP should guide all those activities necessary to adapt the environment and also including those associated with performance of CSR. Harrison et.al., (2010) narrate that firms analyzed the environment which enabled them to account for issues of government regulations, social nature, communities and societies, and finally established the right responses.
Ultimately, the correlation results in Table 2 showed that STQMP had a positive and significant effect on the performance of CSR of parastatals in Kenya. The results indicated that STQMP accounted for 70.6 percent \((r = 0.706)\) of the unit performance of CSR and this was a high association. The correlation results among the mean scores of SCP, SCGP, SPP, STQMP and PERFCSR had beta terms of \(\beta_1 = 0.503\), \(\beta_2 = 0.331\), \(\beta_3 = 0.298\) and \(\beta_4 = 0.706\) respectively at P-value < 0.05. In the hypothesis criteria, this failed to provide support for Ho1, Ho2, Ho3 and Ho4 respectively if \(\beta_1 \neq 0\), \(\beta_2 \neq 0\), \(\beta_3 \neq 0\) and \(\beta_4 \neq 0\) respectively. However, from these results, the value of beta \(\beta_1 = 0.503\) and yet \(0.503 \neq 0\), \(\beta_2 = 0.331\) and yet \(0.331 \neq 0\), \(\beta_3 = 0.298\) and yet \(0.298 \neq 0\) and \(\beta_4 = 0.706\) and yet \(0.706 \neq 0\). The study therefore rejected the null hypothesis and concluded that there was a statistically positive and significant effect of SCP, SCGP, SPP, and STQMP on the performance of CSR of parastatals in Kenya. Overall, all the constituent variables of strategic management practices had statistically positive and significant effect on the performance of CSR with STQMP having the highest correlation coefficient of \(r = 0.706\).

4.2 Multiple linear regression analysis
The study was set out to evaluate the collective or overall effect of all independent variables, that is, SCP, SCGP, SPP and STQMP on the performance of CSR.

a) Model summary
In the Table 2, the coefficient R was 75.4 percent which showed that all of the independent variables collectively explained 75.4 percent in performance of CSR. The remaining 24.6 percent of changes was identified by other factors not captured in the model. The results further suggested that this model was good to improve the performance of CSR of parastatals because it affects 75.4 percent of performance of CSR. The model equation \(\text{PERFCSR}= \beta_0 + \beta_1 \text{SCP}+ \beta_2 \text{SCGP} +\beta_3 \text{SPP} + \beta_4 \text{STQMP}\) explained 56.9 percent as measured by the goodness of fit and hence explained 56.9 percent of the variation in performance of CSR \((\text{R square } =0.569)\). This indicated that the variables SCP, SCGP, SPP and STQMP combined explained 56.9 percent of the variation in performance of CSR but the remaining 43.1 percent of changes is 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 model as a whole was quite significant. The adjusted R square was 0.555 which meant that on an adjusted basis, the independent variables were collectively 55.5 percent effective on dependent variable (performance of CSR). The researcher took note that because a high R-square (coefficient of determination) was more critical in time series analysis, the calculated R-square for this OLS regression was 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 as PERFCSR. Therefore, the support for the hypotheses was found.

Table 3 :Model Summary for regression for SMP(all independent variables)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.754a</td>
<td>.569</td>
<td>.555</td>
<td>.51457</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), STQMP, SCP, SPP, SCGP

b) Overall significance (ANOVA) F –Test
The ANOVA test was done to test the significance of the model and to test the existence of variable variations within the model. The ANOVA results shows that the model of strategic management practices
(SCP, SCQP, SPP and STQMP) and performance of CSR (PERFCR) was significant at 0.000 (F-statistic=43.155, P-value<0.05) and explained the variance in performance of CSR of parastatals in Kenya. This meant that the model adopted in the study was significant and the variables tested fitted well in the model. The F-test displayed that the null hypothesis was rejected, thus the model was valid since all of four regression variables were significant. The results of variance (ANOVA) are presented in Table 4.

**Table 4: ANOVA for SMP( all independent variables) and PERFCSR**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>45.707</td>
<td>4</td>
<td>11.427</td>
<td>43.155</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>34.687</td>
<td>131</td>
<td>.265</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>80.394</td>
<td>135</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), STQMP, SCP, SPP, SCGP
b. Dependent Variable: PERFCSR

c) Individual significance (coefficients)

Since the general objective of the study was to analyze the effect of strategic management practices on the performance of CSR, the multiple linear regression model was used to assess the overall effect of independent variables on dependent variable.

The ordinary least squares multiple regressions was used to determine whether there was a significant effect of strategic management practices on the performance of CSR in this study.

**Table 5: Coefficient regression for SMP (all variables) and PERFCSR**

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardize Coefficients</th>
<th>Collinearity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.712</td>
<td>.316</td>
<td>5.416</td>
</tr>
<tr>
<td>SCP</td>
<td>.131</td>
<td>.065</td>
<td>.146</td>
</tr>
<tr>
<td>SCGP</td>
<td>-.169</td>
<td>.084</td>
<td>-.149</td>
</tr>
<tr>
<td>SPP</td>
<td>-.253</td>
<td>.077</td>
<td>-.254</td>
</tr>
<tr>
<td>STQMP</td>
<td>.689</td>
<td>.073</td>
<td>.878</td>
</tr>
</tbody>
</table>

a. Dependent Variable: PERFCSR

The analysis in the Table 5 presented interesting relevant results. All the four variables namely: strategic competitive practice (SCP), strategic corporate governance practice, strategic planning practice (SPP) and strategic total quality management practice (STQMP) were significant at the 5 percent confidence level. However, STQMP was the most highly significant variable at p-value= 0.000, followed by SPP at p-value =
0.001 and the least variable was SCGP at p-value =0.046. The high beta coefficient of 1.712 of the constant term meant that besides the study variables, there were other factors which might still explain the performance of CSR of parastatals in Kenya which also forms a fertile area for further research. The constant also is significant and therefore reflecting that chances of multicallinearity were not there since the p-value was 0.000. In coming up with the final model, all the four variables SCP, SCGP, SPP and STQMP were retained and therefore, based on the regression results, the OLS regression model of this study could be algebraically presented as shown in equation 2 and 3 as follows:

\[
\text{PERFCSR} = \beta_0 + \beta_1 \text{SCP} + \beta_2 \text{SCGP} + \beta_3 \text{SPP} + \beta_4 \text{STQMP} \ldots \ldots \ldots \ldots \ldots \text{equation (1)}
\]

\[
\text{PERFCSR} = 1.712 + 0.131 \text{SCP} - 0.169 \text{SCGP} - 0.253 \text{SPP} + 0.689 \text{STQMP} \ldots \text{equation (2)}
\]

Where:

\( \beta_0 \) = Constant; intercept term
\( \beta_1 \) = Slope coefficient for Strategic Competitive Practice
\( \beta_2 \) = Slope coefficient for Strategic Corporate Governance Practice
\( \beta_3 \) = Slope coefficient for Strategic Planning Practice
\( \beta_4 \) = Slope coefficient for Strategic Total Quality Management Practice

The model was tested to establish if it was valid in predicting the strategic management practices that affected the decision of the parastatal managers on the performance of CSR. The null hypothesis for the test asserted that independent variables had no significant effect on the decision of parastatal managers on performance of CSR (i.e.; the model was not significant). The alternative hypothesis for the test asserted that the independent variables had significant effect on the decision of parastatal managers on the performance of CSR (i.e. \( H_a \); the model was significant).

The model showed that SCP and STQMP were positively correlated with PERFCSR while SCGP and SPP were negatively correlated with PERFCSR. The model further reported that a 0.131 point increase in SCP led to a 1 point increase in PERFCSR, a 0.169 point increase in SCGP resulted in a decrease of 1 point of PERFCSR, and a 0.253 point increase in SPP led to a 1 point decrease of 1 point of PERFCSR, ceteris paribus. But a 0.689 increase in STQMP led to a 1 point increase in PERFCSR. For every one unit increase in the PERFCSR, there was a unit increase in SMP ceteris paribus. In summary, we can claim with 95 percent confidence that for every one unit increase in PERFCSR, SMP increased by between 0.169 and 0.689. The negative significant effect of SCGP and SPP on the PERFCSR 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 strategic planning and implementation.

However, it should be noted that as shown in Table 5, the coefficient (r) or beta for SCP, SCGP, SPP and STGMP 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 CSR. In the strategic management practices and performance of CSR model, SCP, SCGP, SPP and STQMP 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.

5.0 Results & Implications
The current study concludes with the following results:
1. Effect of strategic competitive practice on the performance of CSR
The results revealed that there was a statistically positive significant effect of strategic competitive practice on the performance of CSR. The results were in agreement with the findings of Fan (2005), who noted 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. Effect of strategic corporate governance practice on the performance of CSR
The effect of SCGP on the 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 (Kiel & Nicholson, 2002). Other studies carried out in the US by Gompers et. al., (2003) established 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.

3. Effect of strategic planning practice on the performance of CSR
The findings were in agreement with those of Harrington et. al., (2004) who concluded that 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. Harrison et. al., (2010) narrate that 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.

4. Effect of strategic total quality management practice on the performance of CSR
Research findings in this study were in agreement with past studies on the effect of strategic total quality management practice having positive effect on the performance of CSR of parastatals. 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 can maintain the value-loyalty faith of the consumers and this was close to reputation. Therefore, the study had the following conclusions:

i) There was a statistically positive and significant effect of strategic competitive practice on the performance of CSR of parastatals. Performance of CSR increased for parastatals that competed via provision of differentiated products and services.

ii) Strategic corporate governance practice had a positive and significant effect on the performance of CSR of parastatals. Hence, there was growing need for parastatals to understand the overlapping of SCGP and CSR and the core importance of moving beyond SCGP conformance towards performance of CSR.

iii) Strategic planning practice had a positive and significant effect on the performance of CSR of parastatals. Parastatals should carry out an internal and external analysis to understand stakeholders’ needs and then incorporate them in their strategies.

iv) Strategic total quality management practice had a positive and significant effect on the performance of CSR of parastatals. Therefore, STQMP in parastatals could stimulate and facilitate the development of CSR performance. Similarly, knowledge concerning different effects of STQMP could provide important information to managers so as to adopt suitable practices to fulfill the stakeholders’ expectations.
### 5.2 Recommendations

The recommendations that can be concluded from this study results include the following:

1. Parastatal managers could use results of this study as a critical guiding force on their way to success in the current complex, volatile and competitive market. The business landscape was greatly dynamic and parastatals find it difficult to achieve and retain a competitive position which was advantageous.
2. Parastatals should focus on their value chain to map out many of the social consequences of their activities. Once a parastatal identifies and understands the social ramifications of its actions, it would be in a better position to create strategic management practices that cater for performance of CSR as well as long term competitiveness.
3. 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.
4. Performance of CSR should be part of a parastatal’s long term action plan so that both the parastatal and the society benefits.

### 5.3 Implications

#### 5.3.1 Policy implications

The study was important for parastatal managers who worked in highly dynamic business environment and found it hard to achieve and sustain performance of CSR which could give them a competitive advantageous position. When the world becomes increasingly competitive and volatile, the results of this study could certainly assist as a critical guideline for parastatals to engage in CSR and ultimately establish intangible resources like reputation.

#### 5.3.1 Managerial and theoretical implications

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 needed 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 had been particularly important in addressing the earlier identified knowledge gaps and therefore contributing to the frontiers of knowledge. The study had not only advanced an elaborate conceptual framework of strategic management practices and performance of CSR but also had empirically tested it. The findings of the study indicated 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 Suggestions for areas of future research
Further studies similar to this one involving other sectors and new parastatals for comparison and contrast purpose are strongly advised.

REFERENCES


