

# Factors Influencing Implementation of Sustainable CSR Practices in the Energy Sector in Kenya: Case of Kenya Electricity Generating Company

Gekonge Dorcas Arama, Kamaara Mary

*Abstract: In the last decade, the issue of sustainability has become very critical the world over for governments and business alike. This has seen an increased uptake of CSR activities by many organizations in the areas of environmental, social and economics as marked by increased expenditure in implementation of CSR programs in an effort to contribute to the sustainability agenda. However, most of the CSR programs adopted by organizations are not sustainable as they have weak integration to corporate strategies are faced by lack of project sustainability, financial sustainability, weak structures and systems and low visibility. Moreover, the companies also face threats from communities, complex regulatory framework and there being a mismatch between community needs and corporate objectives as most of the CSR projects are dictated by boardroom decisions. If a business is to have a deliberate positive and consistent impact on society, then its purpose and values should be shared by all those who may influence and be influenced, affect or get affected by its actions. This study therefore aimed at providing a predictive mechanism of the various influences of implementation of sustainable CSR practices in organizations through a case study approach of KenGen one of the key players in the energy sector of Kenya. The findings of this study is that interventions to reduce the restraining effect of negative influences such as internal inhibitors that sap out the power of positive forces on implementation of sustainable CSR practices. The paper therefore proposes management intervention measures such as development of measurement metrics that will help track performance and prioritization of CSR programs based on need and impact assessment to ensure improved livelihood of target beneficiaries.*

**Key words:** Corporate Social Responsibility, sustainable CSR practices, Sustainability

## I. INTRODUCTION

According to a Global survey conducted by the Nielson group in 2005 on CSR practices, more than half of the respondents interviewed from Latin America, Middle East, Africa and North America indicated that when it comes to purchases, consumers are supportive of socially responsible entities and are most concerned with Sustainable CSR practices (Steurer, Langer and Konrad, 2005). On a regional perspective, the most prevalent CSR trends are also focused on how to maximize social impact through CSR initiatives. While this has gained popularity, the leading entities are multinationals such as Unilever, Shell among others. Local companies still lag behind in terms of acceptance and adoption of Sustainable CSR programs. In Kenya, United Nations programs such as the UN Global Compact and UNDP have been among the first to introduce the concept of sustainable CSR practices (UN, 2015).

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CSR has become an important area of focus for many companies in Kenya through involvement in charity, material donations, scholarships, community development and environmental conservation programs. Several studies have been conducted on CSR in Kenya. Mulwa (2001) and Kweyu (1993) studied managers' attitudes towards CSR. Kwalandu (2007) studied corporate CSR practices at Safaricom Ltd and found that CSR is a key component of both corporate and business strategies, with planning, budgetary and staff allocations and this was done in an aim to improve on their CSR performance. A further study by Omoro and Okiro (2014) on awareness of CSR among managers found that indeed there has been increased awareness and integration of CSR in organizations' corporate strategies. This is as evidenced by various studies such as: A study conducted by Gichana (2004) on CSR practices by Kenyan companies listed in the NSE which concluded that larger companies were conducting CSR more than the smaller companies. Closely related was a study done by Ominde (2014) on the link between CSR and strategy among companies listed in the NSE. The findings of this study indicated that the companies studied engaged in Corporate planning which entailed CSR planning and had a CSR strategy in place. Another notable trend in the area of CSR in Kenya is an increase in the incorporation of corporate foundations all aimed at increasing the impact of CSR programs to target beneficiaries (Omoro & Okiro, 2014). However, despite all these efforts, most of these entities still face the challenge of achieving efficiency and effectiveness through implementation of their CSR programs. This challenge can be attributed to implementation of one-off and non-sustainable CSR practices by most of these entities. Hence there is a need for a detailed and focused study on the mechanism that should be adopted to ensure that organizations implement sustainable CSR practices and programs.

### A. CSR & Sustainability

The World Business Council for Sustainable Development explains CSR in a corporate context as the continued commitment by an organization to act legally and morally and also contribute to the economic development of society while improving the quality of life of the present generation without compromising that of the upcoming generation (Mickels, 2009). Hill and Jones (2010) propose the need to incorporate a new dimension of CSR that entails integrating a sustainability component in the implementation of CSR programs. The concept implies that when companies evaluate decision from an ethical perspective, there should be a presumption in favor of adopting course of action that enhances the welfare of society at large (Millon, 2011). This has resulted to more companies seeing the needs to move beyond traditional concerns of running a business focused

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only on immediate profit and have begun to deal with factors in the greater world vital to their medium to long-term success. Reflecting the holistic and multi-dimensional nature of sustainability, a rapidly growing literature documents that a wide range of specific sustainability practices are being implemented by organizations (Blackburn, 2007; Esty & Winston, 2006). Many practices relate to improving eco-efficiency and reducing environmental “footprint” through energy conservation, renewable energy sources, local sourcing, and reduction of emissions, pollutants and waste initiatives. An example of a sustainable approach to CSR practices is the commitment by Google Inc, to donate billion dollars in stock as well as share profits to combat global poverty and to protect the environment (Millon, 2011).

On a local scale is the commitment of companies such as Standard Chartered bank marathon to donate funds towards health and sanitation improvement. Other practices relate to creating more sustainable and effective workplaces by focusing on workers health and safety, employee engagement, work-life balance, civic volunteerism, and ethical governance, while slowly infusing sustainability criteria into talent and performance management systems. Many practices focus on sustainability-related product innovation, market development, and branding. Still others emphasize stakeholder engagement, including suppliers, investors, communities, regulators, and a wide range of activist groups.

Spector (2012) reports that a 2009 study by the Business Roundtable and conference board found that most CEOs who were respondents reported that sustainability has become a mainstream concern for business. Another study by the Institute for Business Value conducted on various companies across the Globe in 2013 affirms that sustainability is a strategic imperative and therefore is no longer about legal compliance or philanthropic generosity when it comes to CSR implementation. The United Nations also has adopted Sustainable Development Goals (SDGs), established sustainable reporting guidelines and has published assessment reports for various organizations.

These sustainable-led CSR initiatives have led to advancement of models such as the Business Sustainability Continuum which provides focus areas that will help organizations meet the good of both business and society (Spector, 2012; Harish, 2012). This study will therefore contribute to the sustainable CSR literature by attempting to predict a model on the influences of decision drivers, foundational enablers, internal inhibitors and external factors on implementation of sustainable CSR practices. This will facilitate better management and ensure improved livelihood for the target beneficiaries of organizations in the energy sector in Kenya specifically KenGen the case of this study.

The energy sector was selected because the Government has formulated strategies whose objectives are to rapidly expand installed electricity capacity, expand and upgrade the transmission and distribution networks, and develop renewable energy sources: geothermal, solar, wind, biomass and small hydropower. Success brings with it challenges related to the sector’s increased role in energy provision and security, as well as its associated size, geographical footprint

and profile. As a result stakeholders will hold the industry to account in increasingly stringent ways. Individual firms will experience this effect in their day to day business operations as consumers are more anxious about costs; regulators place greater emphasis on health and safety in complex environments (Kiraison, 2015). The media scrutinizes industry practices regarding sustainability; policymakers question the contribution of the industry to achieving energy access for the poor; economists assess the influence of the industry in emerging markets; and staff seeks more rewarding and fulfilling opportunities.

While this may seem daunting, players in this industry face these types of challenges and many have developed a professional approach to manage the social dimensions of running a successful business. ‘Corporate Social Responsibility’ (CSR) and ‘corporate citizenship’ may be jargon, but their reality is straightforward: minimizing negative impacts of doing business and maximizing value to build a stronger business, develop people and strengthen corporate reputation of firms in this industry.

### B. Ken Gen and its CSR initiatives

KenGen has been involved in Corporate Social Responsibility (CSR) activities since its inception in 1997. In the past 10 years, KenGen has undertaken CSR activities to the tune of Kes 1.8 billion in the areas of education, water and sanitation, environment, health, culture, sports, humanitarian intervention and economic empowerment. To finance the CSR activities, KenGen has made it a policy to allocate 1% of its profit after tax to CSR. The company has spent approximately Kes 200m in the provision of education scholarships, school infrastructure development and learning materials and equipment (KenGen, 2015). Kes 250m has been socially invested in water and sanitation activities which have involved construction of boreholes, water treatment plant, sand dams and installation of water pipes. Under the environment focus area the Company has invested Kes 100m in undertaking afforestation projects and distributing of over a million seedlings from its tree nurseries. Approximately Kes 50m has been spent in activities under health, culture, sports, economic empowerment and humanitarian aid. However, despite these efforts aimed at improving CSR implementation, the issue relating to sustainable CSR implementation has not been adequately handled. Most of these corporate foundations in Kenya still have a weak integration of CSR programs to their corporate strategies, lack project sustainability, financial sustainability, have weak structures and systems and low visibility (Kwalanda, 2014). Moreover, the companies also face threats from communities, complex regulatory framework and there being a mismatch between community needs and corporate objectives as most of the CSR projects are dictated by boardroom decisions.

On a global scale, much less well developed in the literature are ways that organizations can best execute sustainable CSR practices. These past studies have also been primarily descriptive from a high level of analysis. However, limited amount of prior empirical literature provides for the factors that constitute management of CSR programs from a sustainability standpoint (Schidmpeter, 2014). This study therefore is an attempt to predict a

mechanism of how the specific factors drive, enable or inhibit implementation of sustainable CSR practices to facilitate their better management.

### *The General Objective*

Factors influencing implementation of sustainable CSR practice in the Energy Sector in Kenya.

#### *1.3.1 Specific Objectives*

- i. To determine the decisions driving implementation of sustainable CSR practices in Ken Gen.
- ii. To determine the effect of internal inhibitors on the implementation of sustainable CSR practices in KenGen.
- iii. To assess how foundational enablers affect implementation of sustainable CSR practices in KenGen.
- iv. To assess the degree to which external influences affect implementation of sustainable CSR practices in KenGen.

## **II. LITERATURE REVIEW**

### *A. Legitimacy theory*

Suchman (1995), terms legitimacy as the generalized perception that the actions of an organization are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions." The legitimacy theory has the role of explaining the behavior of organizations in implementing their CSR initiatives in order to fulfill their social contract that enables the recognition of their corporate objectives and relation with society. The theory further provides that the CSR activities of organizations are carried out in accordance with the expectations of society (Deegan, 2000).

Organizational legitimacy is variable and its variability is spatial across stakeholders and cultural groups of various entities. Therefore, organizations tend to employ legitimization strategies depending on the perception of their state or level of legitimacy. Organizations can enhance their legitimacy levels by communicating a public image that is in line with their goals and methods of operation. Londenblom (1993) suggests that organizations can adopt various strategies depending on the legitimacy gap that they face when their CSR performance does not match the expectations of various stakeholders. Further, the adoption of any strategy is done in a bid to restore, maintain or to enhance organizational legitimacy. As such, there are four different legitimization strategies.

These are:

- i. Change its output, methods or goals to conform with the expectations of its relevant stakeholders and communicating to them of the changes.
- ii. Communicating the appropriateness of its output without changing the goals, methods or outputs.
- iii. Altering the perceptions of relevant stakeholders on the organization's legitimacy level.
- iv. Altering the societal expectations by aligning them with the organization's output, goals or methods.

Lewis & Unerman (1999) assert that organizations should conform to at least one of these strategies and that it should be consistent with their managerial motivation of CSR.

Critics of the legitimacy theory however argue that the theory can be demonstrated or rebutted depending on the degree of association found between an organization's CSR practices and changes in societal opinions (Campbel et al, 2003).

### *B. The Stakeholder Theory*

The stakeholder theory of the firm is used as a basis to analyze those groups to whom the firm should be responsible. Clarkson (1995) defines a stakeholder group as "one without whose continuing participation the corporation cannot survive, who influence or affect, or are influenced or affected by the corporation. Having established the importance of stakeholder management, Mitchell et al (1997) expounded on the stakeholder theory in answering the question as to which stakeholder is most significant based on three main attributes (power to influence the company, legitimacy of the relationship with the company and urgency of the claim on the company). The stakeholder's interests thus form the foundation of transactions that are the ultimate source of a company's wealth hence should be used as the basis of all objectives being pursued by management such as growth (Matten et al, 2003) and social initiative investments.

This study's' perspective of the stakeholder theory is that stakeholders can foster a company's image and reputation or be potential risk bearers hence have sufficient power to influence its performance (Rodriguez, 2012). As such organizations should try to understand the concerns of their stakeholders as well as provide them with a feedback about their strategies and performance. Stakeholder engagement should further be used as a tool for monitoring the contributions and satisfaction levels of a company's stakeholders.

### *C. Institutional Theory*

The institutional theory asserts that the institutional environment can strongly influence the development of formal structures in an organization, often more profoundly than market pressures (DiMaggio & Powell 1991). Innovative structures that improve technical efficiency in early-adopting organizations are legitimized in the environment. Ultimately these innovations reach a level of legitimization where failure to adopt them is seen as irrational and negligent often leading to their legalization.

The adoption and prominent display of these institutionally-acceptable legitimizing structures help preserve an aura of organizational actions based on "good faith". Legitimacy in the institutional environment helps ensure organizational survival (Meyer & Rowan, 1983). However, these formal structures of legitimacy can reduce efficiency and hinder the organization's competitive position in their technical environment. To reduce this negative effect, organizations often will decouple their technical core from these legitimizing structures (Richard, 2008). Organizations will minimize evaluation and neglect program implementation to maintain external and internal confidence in formal structures while reducing their efficiency impact. DiMaggio and Powell (1991) conclude that the net effect of institutional pressures is to increase the homogeneity of organizational structures in an institutional environment.

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Firms will adopt similar structures as a result of three types of pressures. Coercive pressures emanating from legal mandates or influence from organizations they are dependent upon. Mimetic pressures to copy successful forms which may arise during high uncertainty. Finally, normative pressures to homogeneity coming from the similar attitudes and approaches of professional groups and associations brought into the firm through hiring practices.

### D. The Resource Based view of the Firm

The resource based view of the firm suggests that for an organization to achieve its objectives, it needs to structure its internal capabilities to match the conditions of the external environment. An organization should adopt an appropriate mix of resources that can enable it to operate effectively towards achieving its objectives. By developing unique and sustainable resources and capabilities, the organization can instigate the development of its unique strategy dimension (Galan, 2006).

In regard to this study, the theory implies that the right mix of factors influencing CSR initiatives should be assessed and managed if the kind of intended performance is to be achieved. As such, sustainable CSR will result from an integration and reconfiguration of internal competencies in order to attain competitive advantage. Therefore, organizations should plan and implement their CSR initiatives and translate and integrate the social and environmental concerns of its stakeholders to the overall corporate strategy. By doing this, then organization will thus be able to shape the organizational response mechanism towards sustainability.

## 2. Conceptual Framework

This is a graphical or diagrammatical representation of the linkage between dependent and independent variables.

Independent Variables    Dependent Variable

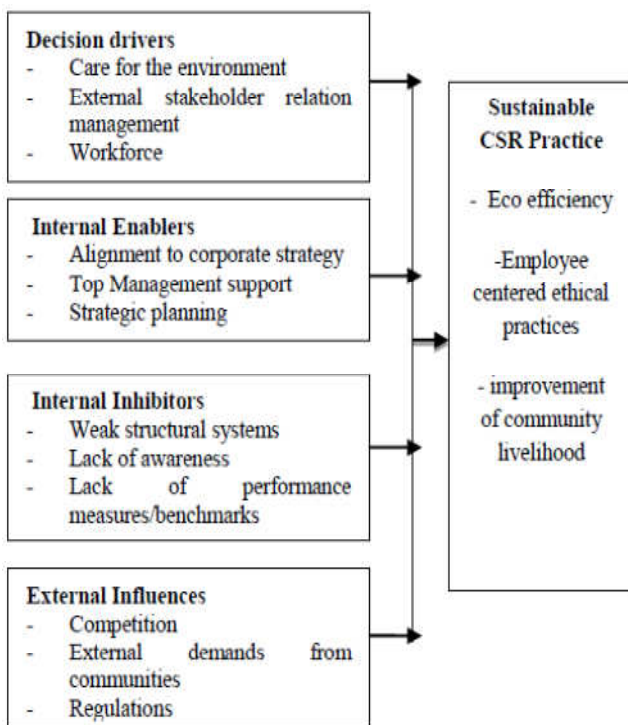


Figure 2.1 – Concep

## Operationalization

### 2.1 Decision Drivers

Decision drivers are those factors that are considered critical, determine or cause an action or increase in value or major improvement of a business (Kaplan & Norton 2001). Decision drivers affect resources allocation, process design and development, implementation and assessment if continued success and growth of a business is to be achieved. A company must identify its business drivers and attempt to maximize all key factors that are under their control since they impact the performance of an organization. Decision drivers for organizational undertaking of certain activities can either be reactive or proactive (Jones, 2008). A whole range of internal and external factors affects the performance of every business and the secret is to focus on a handful of key drivers that will impact highly on an organization, measurable and comparable to standards of industry as well as prior performance. Today's business environment has seen an increased uptake of CSR initiatives by organizations. However, in order to create sustainable value, proper understanding of the factors that may drive or destroy value is required. An understanding of these drivers will therefore help in determining how they can be managed or controlled to prompt sustainable action. In regard to this study, the decisions that are likely to drive organizations into implementing sustainable CSR practices include environmental conservation, workforce related issues, response to pressure from external stakeholders such as the community and investors among others. However, depending on the rationale of an organization in undertaking CSR, the drivers are prioritized differently in order to meet the desired need.

### 2.2 Internal Foundational factors

Internal foundational factors are the core competencies that give a firm an advantage in meeting its corporate objectives. An analysis of the foundational factors in implementation of CSR initiatives is key in achieving sustainability. Various factors are foundational in the design, development, implementation and assessment of the impact of CSR programs. These include alignment of the initiatives to overall corporate strategy and the values of an entity.

A source of insight from Wirtenber (2007) identified qualities such as top management support, strategic centrality, deeply held values and committed employees as those that espouse sustainability. Additionally, these factors influence the way organizations respond to key business decisions. In addition, Jones (2008) suggests that when all members of an organization stand together to support a course, then its implementation will be successful. As such, all employees should be encouraged to champion and support an organization's CSR programs from the beginning till the very end, will feel a sense of ownership and build a right attitude towards the successful execution of the projects. This can be achieved through creation of an enabling culture.

### 2.3. Internal Inhibitors

The ability to plan, develop and implement effective strategies in an organization is very important. The ability

according to Kaplan and Norton (2001) is more valuable when the individuals involved understand it. This in turn results to effective implementation that results to desired output. Very many organizations fail in implementing their objectives effectively due to the effect of internal inhibitors such as lack of awareness and understanding, lack of supportive structures and use of inaccurate measurement tools. Additionally, poor communication of the objectives to be achieved is also a factor that bars organizations from achieving success. Therefore, in order for an organization to implement sustainable CSR practices, it needs to put in place formal supportive structures, communicate the objectives to be achieved, implement a plan and integrate the daily work towards the social initiatives (Jones, 2008). Furthermore, a control system and measurement tools are essential in the implementation process of these CSR initiatives. It is important to control management barriers such as personal limitations in decision making, motivational barriers and lack of direction.

### **2.4 External Influences**

The external environment is the context in which a business operates. It is important that an organization takes into consideration the factors outside its control such as law, regulations and competition. This is because these factors have a positive or negative effect on the operations of an organization. Moreover, the business environment today has become more diverse and complex hence an understanding of these changes and how they affect operations is essential. Organizations should know and anticipate these factors in the planning and implementation of their corporate objectives. Failure to consider these factors may cause them to miss opportunities to achieve growth or suffer setbacks or lose to business to competitor. Before organizations adopt certain CSR projects, they should do an external evaluation to determine what the community demands are in order to prioritize the execution and implementation of these social initiatives.

It is also important to know what their competitors are doing, and how they are strategically poised is key to success. For instance, if a certain organization is excelling in the implementation of certain project, then it is important to determine a different area of focus that would give them an edge over the long term. The regulatory framework and the concerns put in place can pose a challenge to the implementation of sustainable CSR projects hence they should be integrated into the corporate strategy to ensure feasibility.

### **3. Empirical Literature review**

This section provides an empirical review on studies previously conducted in relation to the variables under study.

#### **3.1 Decision drivers of CSR practices**

Companies are increasingly being seen as major contributors to the solution of attaining SDGs. According to Heemskerk (2012), CSR is the engine that will steer the linkage areas of business and societal development. However, there has been so much concern from academics and practitioners on the lack of empirical evidence that supports this perceived claim hence leading to continued debates between those who

support the claims and those against it. Carrol and Shabana (2010) assert that businesses cannot deliver long-term sustainable development through CSR practices as currently the market rules in favor of companies focused on short-term responsibility demands and solutions (Heemskerk, 2012). Proponents however argue that a well-implemented and strongly enforced CSR policy can lead to sustainable development (Hermann, 2004). As such, organizations are concerned on how their business decisions affect other stakeholders such as employees and community. Therefore, implementation of clearly outlined CSR programs will lead to improvement in the quality of life of local people, employees, improved business reputation and environmental management. However, Sagabien and Whellams (2010) noted that there is limited focus on empirical research agenda on the real impact of CSR and ability of implementing sustainable CSR programs. Voigt (2009) asserts that if the main driver for undertaking CSR is ingrained on sustainable CSR practices, then a solution to the ailing problems of society can be achieved. Schmidpter et al (2014) points out that having an integrated drive for sustainable CSR can result to creation of added value to society unlike the current focus of playing the various drivers of CSR off against each other as isolated issues.

#### **3.2 Organizational enablers of CSR practices**

A study conducted by Wirtenberg et al (2007) on nine of the World's most sustainable companies identified seven factors which are considered as enablers of implementation of sustainable CSR. These factors include an organization's culture, top management support and placement of CSR central to organizational strategy, employee engagement, alignment of formal and informal systems and stakeholder engagements (Goldman Sachs Group, 2007). However, the study further reported that organizations are highly struggling with the implementation of these key facets to their CSR practices. This is due to a lack of understanding of the interrelationships and pathways among these factors (Cohen, 2006). In order to achieve sustainable CSR practices, there is need for a high integration of organizational systems, people and corporate strategy to CSR practices. Researches by Roome and Bergin (2006) shows that top management have a crucial role in the initiation and development of CSR projects within an organization. An empirical study by Olsen (2009) which sought to examine the barriers that precluded implementation of sustainability strategies reported that conflicting values and indecisiveness greatly impair implementation of sustainable CSR programs.

#### **3.4 Organizational inhibitors of CSR practices**

Sustainable CSR implementation is challenging to all firms according to Sarkis et al, 2011. Some of the challenges according to a study conducted on SMES in Chile include lack of compliance to CSR standards, lack of awareness and cost of audits among others. In the case of mandatory CSR compliance, firms may merely aim to meet the minimum standards as laid out by law (Acutt et al., 2004). A study by Bain (2010) found out that organizations demonstrate avoidance behaviors to compliance by shifting responsibility for provision of sustainable CSR to other organizational

stakeholders. Fox (2005) therefore suggests that there is need to inculcate deeper awareness of the importance of sustainability of CSR practices through capacity building. Galbreath (2010) argues that when different functions interact with various stakeholders, they get information on different needs. Since CSR is multifunctional in nature, it is important that integral and broad sustainable CSR is undertaken. This will help in the quest to develop transformational and sustainable CSR practices. As such, training should be done through internal and external orientation, functional coverage, developing controls and subsequent communication.

### **3.5 External Influences of CSR practices**

Organizations should take into consideration external stakeholder concerns in the CSR related decision making process (Watkins, 2003). It is important to take into consideration external influences as they are likely to enhance efficiency and reduce conflicts. According to the findings of a study by Rothman and Friedman (2011), pressure from local communities and competition determine the CSR strategies that are adopted by management. Similar sentiments were echoed by Ho (2005) who notes that good governance practices enhance organizational competitiveness and CSR performance. Therefore, an assessment of how external issues influence implementation of CSR programs will assist in developing strategies and practices that increase the chance of sustainability. Galbreath (2010) concurs that since CSR is multifunctional in nature, integration of external factors influencing its implementation such as market trends will help in establishing appropriate response mechanisms hence meet sustainability. Moreover, since organizations operate in competitive environments, creating a winning mechanism is not a one-off event but everyday activity.

### **4.0 Critique of the Existing Literature**

The CSR concept has formed one of the main agendas of corporate strategies. According to McWilliams et al. (2006), CSR has become a reflection of many theoretical and managerial discussions as he argues that the doing good in terms of social initiatives results to better performance besides its obligatory role as the right thing to do. As such, CSR has shifted from just being an ideology to what many scholars now term as a reality and avenue through which organizations can define their roles in society (Galbreath,2010). Although there has been an increased uptake of social initiatives by organizations in the recent past, there are still various areas that do not clearly outline the practices that are in line with sustainability leading to very slow developments in the domain.

The current state of CSR initiatives uptake can be associated to the level of development of CSR theories such as the stakeholder theory, legitimacy theory and institutional theories among others not discussed in this study that are still in the early stages of development. Achua (2008) and Frynas (2010) contend that most researches on corporate social initiatives are grounded on the stakeholder theory that is only concerned with self reporting. The effect of the varying development of the underlying theoretical

frameworks in the CSR field has thus led to varying conceptualizations of CSR as well as sustainable CSR practices (Snider et.al 2003). Many theories can be considered adequate as explanations for organizations' undertaking of CSR activities. As extent research suggests, any theory, mental framework or way of visualizing the world is a temporary, conditional and debatable (Gray et al, 1996). Therefore, particular theories cannot be expected to provide full account or explain particular phenomenon. To management and CSR practitioners, the lack of a well developed conceptual framework hinders further theoretical developments of the construct. Given that there are limited empirical studies on the how the various factors influencing the CSR practice, it is difficult to predict how sustainability can be achieved. This study therefore is an attempt at providing a predictive model of how the various internal and external factors influence sustainable CSR practices.

### **5.0 Research Gaps**

The literature and empirical reviews conducted in this paper, affirm that numerous studies have been done to ascertain that corporations are responsible for the social consequences of their activities. As such, the area of corporate social responsibility has been widely studied and particularly on what constitutes the concept. There are numerous studies such as Kumar,2010 on the relationship between CSR and public sensitivity; Kanji (2008) further did a research on how to measure CSR excellence. Mc Williams et al. 2006 and Tamm et al. (2010) further conducted research on how to affirm the interdependence between business and society and on the relationship between CSR and financial performance respectively. Although there are studies that suggest sustainable CSR, very few of them provide a framework or mechanism for evaluating the relationship between factors that affect CSR practices and how they can lead to improved performance. This study therefore seeks to bridge this research gap by attempting to provide a predictive mechanism that focuses on how various external and internal factors affect implementation of sustainable CSR practice

## **III. RESEARCH METHODOLOGY**

### **A. Research Design**

The research methodology that was adopted for this study was of descriptive nature. According to Ogula (2005), a descriptive survey enables the researcher to obtain comprehensive information that describes the characteristics of a population i.e explains the factors that influence the implementation of sustainable CSR practices namely; the decision drivers, internal enablers, inhibitors and external influences. The case study approach gives more robust results as it demands a high degree of depth, breadth and rigor, with careful attention to showing the way in which evidence supports the conclusions reached (Bennet, 2005).

A census study was conducted on all top management team which is responsible for planning of corporate strategies, budget allocation, controls and driving the CSR agenda hence was able to provide information on the extent to which their organization is or not implementing sustainable CSR practices. It was not found necessary to

conduct sampling because the population size was less than 100. In addition, the study deliberately wanted to do a case study in order to get extensive information about the subject, hence this objective could not be achieved well if all members of the population had not been captured. A pilot study was used to test or design instruments prior to carrying out research (Saleemi, 2009; Gupta, 2007 and evaluate feasibility, time, cost and adverse events that may affect data collection prior to conducting a full scale research project. The results from piloting were used in validation of the instruments by addressing omissions noted, correcting and revising the items appropriately.

### B. Data Collection

The main tool of collecting primary data collection in this study was through the use of questionnaire which were administered through a drop and pick method. The questionnaires were structured with both open and close-ended questions. The closed ended questionnaires facilitated collection of quantitative data for statistical analysis while open ended questions elicited qualitative responses on the respondents' views on implementation of sustainable CSR practices.

In addition, face-to-face structured and semi-structured interviews were conducted. The interviews were conducted using an open-ended standard interview guide. Interview technique was preferred in this research because the technique is generally suitable to targeted respondents and in some instances respondents can give additional materials that are useful for the study. The key respondents were asked about how sustainable the CSR programs they are implementing are as well as their opinions about specific practices that can help improve the impact of these programs for target beneficiaries. Notes were typed and reviewed after each interview for completeness and accuracy. The information gathered from the respondents was summarized in a report which was analyzed and combined with the data from the secondary data sources such as peer reviewed journal articles, archival records such as organizational charts and budgets, newspaper articles, websites, research findings from similar studies, Government of Kenya documents, working papers, and discussion papers.

### C. Data Processing and Analysis

The data was analyzed using Statistical Package for Social Sciences (SPSS) Version 23.0 and AMOS 5.0 software package for structural modeling. The SPSS software is quite efficient to handle large amount of data (Martin et al., 2002) while the AMOS 5.0 software package provides for statistical tests of the adequacy of the hypothesis (Byre, 2001).

The qualitative data was analyzed thematically to capture the complexities of meaning within the textual data set. Descriptive statistics was used to summarize the data and establish characteristics of the study population. The specific descriptive statistics used entailed mean, standard deviation, pinciple compound analysis and totals. Inferential statistics that involves formulation of regression models; analysis of the coefficient of determination of the models and standard errors of the models (parameters) were used to analyze the quantitative data obtained to conceptualize the

results. Inferential statistics was also used for the purposes of estimating of relationships between study variables the dependent and the various independent variables. P-values at 5% significance level were used to measure the significance of regression coefficients. R-squared was used to measure explanatory power of the model and the relationships among the independent variables in this study to indicate whether there was multicollinearity based on the value of correlation coefficient between any two independent variables. In the study the affected variables were dropped to address the problem of multicollinearity.

Exploratory Factor Analysis (EFA) was used in variable selection. The EFA statistical method was used to extract significant variables from a set of variables, and utilizing the results for further analysis (Field, 2000). A regression analysis was conducted to show the summary measure and analysis of variance (ANOVA) of the model. The model is specified as follows:

$$Y = \beta_0 + \beta_1 DD + \beta_2 IE + \beta_3 IN + \beta_4 EI + \varepsilon$$

Where:

Y= Dependent Variable (Sustainable CSR practices)

$\beta_0$ = Constant Term

$\beta_1, \beta_2, \beta_3,$  and  $\beta_4$  are Regression Coefficients

$\varepsilon$  = Error / Stochastic term.

DD= Decision Drivers

FE = Internal Foundational Enablers

IN =Internal Inhibitors

EI= External Influences

## IV. RESEARCH FINDINGS DATA ANALYSIS AND DISCUSSION

### 4.0. Introduction

This chapter represents the empirical findings, analysis and discussion of results of the application of the variables using techniques mentioned in chapter three. Specifically, the data analysis was done in line with specific objectives where patterns were investigated, interpreted and implications drawn on them. The section was divided into segments touching on the demographics of the study, decision drivers, foundational enablers, internal enablers and external factors influencing sustainable CSR practice the dependent variable of the study.

### 4.1 Response Rate

The sampled respondents initially stood at 86 respondents who comprised the top management team i.e. the chief officers, assistant managers, the managers and finally divisional directors officers who are involved in the corporate planning and execution of overall organizational mandate. The findings indicate the study was able to gather data from 62 usable surveys which were submitted, with all respondents answering all the questions as the survey did not allow for partial response.

Table 4.1: Response Rate

	Sample d	Actual Response	Percenta ge
Chief Officers	46	38	82.6
Managers	14	8	57.1

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Assistant managers	19	13	68.4
Divisional Directors	7	3	42.9
<b>Total</b>	<b>86</b>	<b>62</b>	<b>72.1</b>

According to Mugenda and Mugenda (2003), a 50% response rate is adequate, 60% good and above, while 70% is rated very good. A 72.1% response rate was recorded in this study. Among the targeted categories were on chief officers who response rate stood at 82.6% while that of managers was at 57.1%. With regards to assistant managers, the response rate stood at 68.4%. Finally, was on divisional managers whose response rate stood at 42.9%. The recorded response rate can be attributed to the data collection procedures, where the researcher pre-notified the potential respondents of the intended survey, utilized a self administered questionnaire which were completed and these were picked shortly after and made follow up calls to clarify queries as well as prompt the respondents to fill the questionnaires.

### 4.2 Reliability Test

**Table 4. 2: Reliability Test**

	Cronbach Alpha	Items
Decision Drivers	0.695	5
Internal Enablers	0.711	5
Internal Inhibitors	0.801	5
External Influences	0.856	5
Sustainable CSR practices	0.799	5
<b>Scale Combination</b>	<b>0.773</b>	

From Table 4.2, the findings indicate that all the variables both independent and dependent are consistent with an Alpha value of above 0.6. The scale combination Alpha value stood at 0.733. More specifically, the Alpha value of decision drivers stood at 0.695 while that of internal enablers stood at 0.711. Further on, the Alpha value for internal inhibitors stood at 0.801 with eternal influences standing at 0.856. For the dependent variable, sustainable CSR practices had an Alpha value of 0.799. Considering that the items are equal in unit count, the internal consistency and that they all depicted values above the suggested value of 0.5 the study was thus reliable.

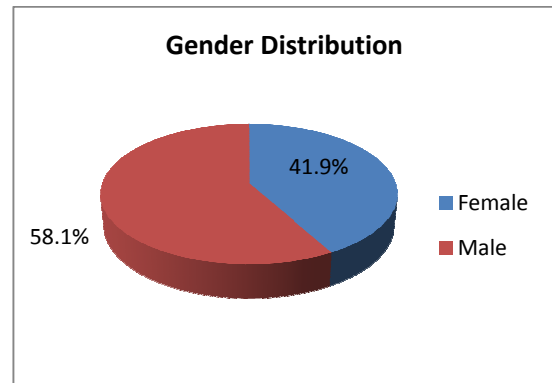
### 4.3 Demographic Factors

The study sought to establish respondent characteristics which included gender distribution, age of respondents, the number of years worked in the organization as well as the level of education.

#### 4.3.1 Gender Distribution

The gender of the respondents was of interest to the study and as shown in Figure 4.1, 58.1% of the respondents are male form the majority as compared to their female counterparts who are 41.9%. The findings indicate a gender imparity of the male-female respondent distribution which

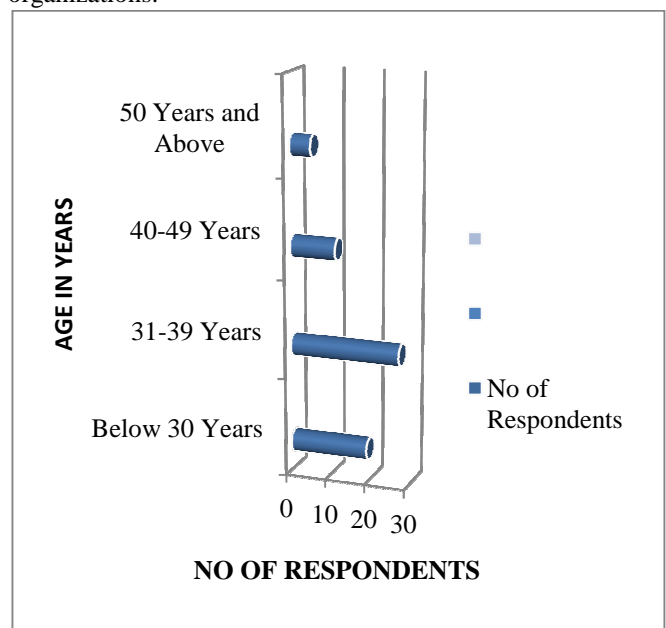
stood at 16.2%. This showed that the study received higher response from male respondents than the female counterpart. The findings affirm that gender parity is still far from being achieved as women are still hampered by a gender ceiling in top management in organizations. This can be attributed to gender-based society thought that requires women to focus on marriage and raising children hence posing a challenge in their ability to find a balance between work and family. It is therefore inferred from this study that gender categorization was very important.



**Figure 4.1 Gender Distribution**

#### 4.3.2 Age of Respondents

Figure 4.2 is a presentation of the findings on the age bracket of the respondents. Majority of the respondents (43.5%) were in the age bracket of 31-39 years followed by those in the age bracket of 30 years and below at 30.6%. Respondents in the age bracket of 40-49 years were 17.7% while those aged 50 years and above years were 8.1%. The findings are consistent with the study conducted by Vroonhof (2003) who determined that the ages above 35 are correlated to top management positions in most organizations.



**Figure 4.2 Age of Respondents**

#### 4.3.3 Years worked in the organization

The Figure 4.3 is a presentation of the findings on the period in which the respondents have been working for the firm



under study. A majority (53.2%) of the respondents have worked in the company for more than 16 years while those that have worked in the organization for between 11-15 years were represented by 25.8%. Respondents who have worked for 6-10 years were represented by 12.9% while the lowest group with less than 5 years was represented by 8.1%. The study findings infer that majority of the respondents have been in the organization for a long time hence have widespread experience of how the businesses of the organization are carried out. On the flip side, the findings are an indicator that this can be a challenge especially in regards to change management and disruption of the status quo.

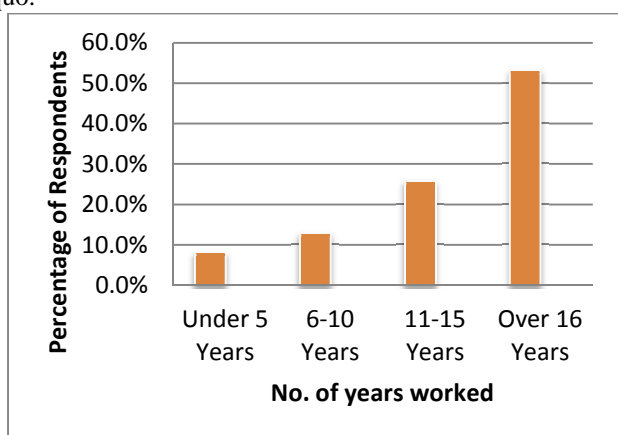


Figure 4.3 No. of Years Worked

#### 4.3.4 Education Level

The educational level of the respondents was queried in this study and as shown in Figure 4.4, majority are at the undergraduate level (48.5%) compared to those at postgraduate level having 40.8%. The lowest among the respondents were those that had diplomas at 10.7%. This shows that the firm has high regard for employees who are educated and are able to understand the firm's strategies and goals towards gaining sustainable CSR practices. The study findings is consistent with the research by McGrath (2002) who indicated that in the highly dynamic business world, education levels impact positively on the growth of firms and that an organization that has many individuals with high intellectual capacity is likely to adapt to these changes.

#### 4.4 Descriptive Statistics

The survey used a likert scale to collect data on the views of management regarding various statements for the variables under study with a rating of 1 designated as "not at all" and a 5 rating as, depending on the question, "to a very great extent" or "extremely important". The survey's construction was guided by a review of the same body of literature cited in the study. Questions were categorized on the study in separate sections organized by perceptions of decision drivers, internal inhibitors, foundational enablers, external factors and sustainable CSR practices. The study also used separate measures of responses to open ended questions and from the interviews conducted.

##### 4.4.1 Decision drivers

Decisions driving implementation of CSR practices were assessed through responses to various questions on a scale

of 1-5, with a rating of 1 designated as "not at all" and a 5 rating as "extremely important" in order of priority to the company. Table 4.3 shows the individual items along with their mean and standard deviations.

Table 4.3: Decision Drivers

	Mean	STD Deviation
Enhancing environmental and operational efficiency through reduction of waste	4.4	0.215
Enhancing relationship with community stakeholders including community activists.	4.6	0.11
Improving employee engagement and commitment	4.4	0.325
Improving our reputation/ brand image with shareholders and the public	4.5	0.543
Effectively addressing regulatory restrictions in our areas of operations	4.3	0.789
Meeting expectations of our investors	4.2	0.231
<b>Mean Index</b>	<b>4.4</b>	

Enhancing relationship with community stakeholders including community activists had the highest mean of 4.4 (0.215). This in line with the argument of Heemskerck (2012) that through CSR, the connection of the society and the various organizations can be identified. This was followed closely by improving our reputation/ brand image with shareholders and the public which had a mean of 4.5 (0.543). An argument by Hermann (2004) asserts that a well enforced CSR policy leads to sustainable CSR practices. On that note, one way of achieving this is through ensuring synergy between the organizational reputation expressed through the brand image and all the stakeholders involved. Improving employee engagement and commitment together with enhancing environmental and operational efficiency through reduction of waste both had means of 4.4. According to Sagabien and Whellams (2010), through CSR initiatives, the lives of individuals are improved as well as job creations. Meeting the expectations of the investors had the least and lowest mean of 4.2 (0.231). The mean index stood at 4.4 (88%) which is in the upper forth quartile thus an indication of strong levels of agreement.

The study was also keen to identify the CSR initiatives that have been implemented by the organization under study. Examples of initiatives include areas such as education, water and sanitation, environment, health, culture, humanitarian interventions and economic empowerment. More specifically, the organization has spent 200 million on educational initiatives such as scholarships, provision of learning materials as well as equipment. An additional 250 million has been invested in water and sanitation activities such as the construction of boreholes, water treatment plant and dam installations. The key driver of CSR initiatives in the organization is made possible through a policy directive that 1% of profits after tax in the organization is committed towards CSR initiatives.

**4.4.2 Internal Inhibitors**

As noted in literature, the implementation of sustainable CSR can prove a daunting task. Respondents were asked to rate the challenges they faced in their efforts to implement sustainable CSR practices through responses to various questions on a scale of 1-5, with a rating of 1 designated as ‘‘not an hindrance at all’’ and a 5 rating as ‘‘extremely hinder’’ Among the challenges highlighted included the lack of awareness on what sustainable CSR means. Additionally, the lack of awareness on the standards that need to be achieved in sustainable CSR as well as the audit standards required

**Table 4.4: Internal Inhibitors**

	<b>Mean</b>	<b>STD Deviati on</b>
Lack of awareness and understanding of the sustainable CSR practices to implement	4.0	0.561
Lack of a formalized and analytical process to manage the CSR programs	4.4	0.444
Unclear or weak business case on need for adopting sustainable CSR practices	3.8	0.789
Lack of standardized metrics for measuring the performance of implemented progress/status of projects	4.2	0.456
Lack of prioritization of CSR projects based on need/impact	4.5	0.661
<b>Mean Index</b>	<b>4.2</b>	

Lack of a formalized and analytical process to manage the CSR programs had the highest mean of 4.4 (0.444) which is in agreement with the concern raised by Sakaris et al (2011) who mentioned it as a challenge to most organizations. The lack of standardized metrics for measuring the performance of implemented progress/status of projects which had a mean of 4.2 (0.456) followed by the lack of awareness and understanding of the sustainable CSR practices to implement which had a mean of 4.0 (0.561). These findings are in line with those of Fox (2005) who states that there is need to ensure that the set standards regarding sustainable CSR are adhered to by organizations for output impact. The lack of prioritization of CSR projects based on need an impact had a high mean of 4.5 (0.661). Unclear or weak business case on need for adopting sustainable CSR practices had the least but still strong mean of 3.8 (0.789). The mean index stood at 4.2 which is r3epresented by 84%. Among the challenges that the organization is facing in the implementation of CSR include: the lack of project implementation framework, inadequate impact, sustainability and monitoring assessment. There are no proper structures to implement community involvement in the various projects and initiatives that have been implemented. The needs of the communities are growing thus creating a need for more funds that are not available.

**4.4.3 Internal Foundational Enablers**

One of the key determinants of a sustainable CSR is on the role that is played by top management in providing an enabling environment. For the organization under study, the respondents stated that the management is committed towards ensuring that CSR practices are effectively handled in the organizations. The projects that are implemented receive attention as part of the organization strategy. An organization that has a culture that is skewed towards sustainable CSR practices is able to invest both human and financial resources towards the implementation of projects as noted by most of the respondents.

**Table 4.5: Internal enablers**

	<b>Mean</b>	<b>STD Deviati on</b>
Sustainable CSR practices are central to the company's corporate strategy	4.1	0.568
The CEO, the chairman of the board and senior management team show public and unwavering support for CSR initiatives	3.9	0.714
Sustainability of CSR initiatives adopted are deeply ingrained in the company culture and core values	4.0	0.569
The company engages its stakeholders in the design, planning and implementation of its CSR initiatives	3.5	0.845
The company has in place employee training by developing job-related skills aimed at developing sustainable business operations	3.8	0.456
The company has published targets or quantified commitments to improve the company's corporate social performance	4.1	0.436
Monitoring and evaluation of implemented CSR projects is normally conducted	3.6	0.568
<b>Mean Index</b>	<b>3.9</b>	

Among the items that were queried with regards to the internal enablers of sustainable CSR are presented in Table 4.5. The items were ranked on a scale of 1-5, with a rating of 1 designated as ‘‘Strongly disagree’’ and a 5 rating as ‘‘Strongly disagree’’ Sustainable CSR practices are central to the company's corporate strategy and the company has published targets or quantified commitments to improve the company's corporate social performance both had means of 4.1. The two factors above form what were presented by Witenberg et al (2007) as internal enablers of sustainable CSR implementation. Sustainability of CSR initiatives adopted are deeply ingrained in the company culture and core values followed closely having a mean of 4.0 (0.569). The company has in place employee training by developing job-related skills aimed at developing sustainable business operations (3.8), The CEO, the chairman of the board and senior management team show public and unwavering support for CSR initiatives (3.9), The company engages its stakeholders in the design, planning and implementation of

its CSR initiatives (3.5) and finally Monitoring and evaluation of implemented CSR projects is normally conducted which had a mean of 3.6 (0.568). The mean index stood at 3.9 which is 78% which indicates a high level of agreement.

#### 4.4.4 External Influences

CSR can be hindered or propelled by external factors that may be outside the organization. All the stakeholders involved in the CSR initiatives should have their views and ideas taken into consideration. This will result in the reduction of conflict and create more efficiency.

**Table 4.6: External Factors**

	Mean	STD Deviation
Mismatch between community needs and company CSR prioritized areas	3.7	0.569
Increased demand and sense of entitlement from the community	3.9	0.897
Demand from shareholders/Investors/Financiers	3.6	0.789
Competitive pressure	4.2	0.789
Increased regulation and complex regulatory environment	3.5	0.567
<b>Mean Index</b>	<b>3.8</b>	

Table 4.6 is a presentation of the findings on the external factors that influence the implementation of sustainable CSR as rated through responses to how relevant the various external influences were on a scale of 1-5, with a rating of 1 designated as ‘not at all’ and a 5 rating as ‘extremely relevant’. Competitive pressure had the highest mean of 4.2 (0.789) followed by increased demand and sense of entitlement from the community which had a mean of 3.9 (0.897).

The level of agreement here is an indication of the findings of Rothman and Friedman (2011) who conducted a study which identified community involvement as a key avenue for conflict reduction and efficiency in project implementation. Mismatch between community needs and company CSR prioritized areas was third with a mean 3.7 (0.569) while Demand from shareholders/Investors/Financiers followed closely with a mean of 3.5 (0.567). The mean index stood at 3.8 which is 76%. This is an indication of a strong level of agreement that indeed external factors affect organizational efforts to implement sustainable CSR practices hence there is need for their management.

#### 4.4.5. Sustainable CSR practices

Being the dependent variable, the factors that were identified as the indicators of sustainable CSR practices and include commitment towards eco efficiency, improved community livelihood, employee-related ethical management practices among others. The extent of agreement of their company’s implementation of the various sustainable CSR practices in KenGen and assessed by rating the various indicators on a scale of 1-5 with a rating of 1 designated as ‘strongly disagree’ and a 5 rating as ‘strongly agree’.

**Table 4.7: Sustainable CSR Practices**

	Mean	STD Deviation
Our company has established indicators to determine if the organization's CSR programs are aligned to sustainability	3.5	0.523
There is a projects committee in place that works towards ensuring that the CRS projects that are being adopted and implemented are sustainable.	3.8	0.569
Provides employee training and development related to sustainable CSR practices	3.9	0.896
We are committed to improve communities around our areas of operations by engaging them in decision making through the design, adoption and implementation of CSR projects processes	3.3	0.456
We are committed towards eco-efficiency through reduction of negative impact of our activities on the environment	4.0	0.569
<b>Mean Index</b>	<b>3.7</b>	

According to Table 4.7, majority respondents agreed largely that KenGen is highly committed towards eco-efficiency through reduction of negative impact of their activities on the environment as indicated by a mean of 4.0. This was followed closely by commitment to provide employee training and development of sustainable CSR practices as indicated by the mean of 3.9. It was also reported that KenGen has a projects committee in place that works to ensure that the CSR projects being pursued and implemented are sustainable.

Although respondents agreed through their responses that the company had in place indicators of efforts to check the organization’s alignment towards sustainable CSR practices and commitment to improve community livelihood, the two items showed great variance from other indicators studied as shown by the means of 3.5 and 3.3 respectively. This can be attributed to little engagement of community stakeholders in the decision process, adoption and implementation of CSR projects. This results to lack of ownership of the implemented projects hence their poor management.

#### 4.5 Inferential Statistics

The section covers inferential statistics that dealt with the relationship between the independent and dependent variables. Among the analyses that were done included: regression analysis to determine the relationship between the dependent and independent variables both as individuals items and also as combined items. Further on, the study conducted factor analysis on the variables for both the dependent and independent variables.

## Factors Influencing Implementation of Sustainable CSR Practices in the Energy Sector in Kenya: Case of Kenya Electricity Generating Company

### 4.5.1 Regression Analysis

This section covered the inferential statistics showing the relationship between the dependent and independent variables of the study. This regression analysis determined the influence of decision drivers, internal enablers, internal inhibitors and finally external influences on the

implementation of sustainable CSR. The regression equation was:

$$Y = \beta_0 + \beta_1 \text{ decision drivers} + \beta_2 \text{ internal foundational enablers} + \beta_3 \text{ internal inhibitors} + \beta_4 \text{ external influences} + \epsilon$$

Whereby  $\beta_0$  is the regression constant,  $\beta_1 - \beta_4$  are regression coefficients and  $\epsilon$  is the regression model error term which indicates its significance.

**Table 4.8: Model Goodness of Fit**

R	R Square	Adjusted R Square	Std. Error of the Estimate	DurbinWatson
.696 <sup>a</sup>	.775	.701	.23484	1.781

a. Predictors: (Constant), influence of decision drivers, internal enablers, internal inhibitors and external influences

b. Dependent Variable: Sustainable CSR practices.

The study used the Table 4.8 above to establish whether Sustainable CSR has a linear dependence on the independent variables. The study established a correlation value of 0.775. This depicts a very good linear dependence between dependent and independent variables. An R-square value of 0.775 was established and adjusted to 0.701. The coefficient of determination depicts that influence of decision drivers, internal enablers, internal inhibitors and external influences brings about 77.5% variations on Sustainable CSR; 22.5.6% of variations are brought about by factors not captured in the objectives. Durbin Watson

value of 1.781 was established illustrating lack of autocorrelation in the model residuals.

### 4.5.2 Analysis of Variance (ANOVA)

Analysis of Variance was used to test the significance of the regression model as pertains to significance in the differences in means of the dependent and independent variables. The ANOVA test produced an f-value of 21.033 which was significant at  $p < 0.000$ . This depicts that the regression model is significant at 95% confidence level. That is, has less than 5% probability of misrepresentation.

**Table 4.9: ANOVA**

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	5.369	4	1.369	21.033	.000a
Residual	2.330	62	.044		
Total	7.699	67			

a. Predictors: (Constant), influence of decision drivers, internal enablers, internal inhibitors and external influences

b. Dependent Variable: Sustainable CSR.

### 4.5.3 Regression Coefficients

**Table 4.10: Regression Coefficients**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.338	.660	4.269	2.665	.513
Decision drivers	.181	.045	-.323	3.569	.003
Internal Enablers	.664	.321	.344	3.542	.023
Internal Inhibitors	.231	.044	-.311	-3.596	.034
External Influences	.336	.568	.356	3.896	.005

a. Dependent Variable: Sustainable CSR

The regression equation:

$$\text{Sustainable CSR} = 1.338 + 0.181X_1 + 0.664X_2 + 0.231X_3 + 0.336X_4 \quad p < 0.003$$

From the above regression model, decision drivers, internal enablers, internal inhibitors and external influences would be 1.448.

Holding other factors constant, a unit increase in decision drivers would yield a 0.181 increase in Sustainable CSR. A unit increase in internal enablers yield a 0.644 increase in Sustainable CSR, a unit increase in internal inhibitors would yield a 0.231 decrease in Sustainable CSR. Finally, a unit increase in external influences would yield a 0.366 increase

in Sustainable CSR. The overall p-value stands at 0.003 which is less than 0.05, indicating a strong relationship between the dependent and independent variable. Among the variables, internal foundational enablers were inferred to be the most significant influences on sustainable CSR practices, followed by external influences, internal inhibitors and decision drivers respectively.

### 4.6 Factor Analysis

This was done through Principal Component Analysis (PCA) to eliminate the factors that were most significant in terms of variance. The independent variables included decision drivers, internal enablers, internal inhibitors and external influences.

**4.6.1 Decision drivers**

Table 4.11 shows the principal components that were extracted with regards to decision drivers. Out of the six items that existed only two were extracted. The squared loading for both was at a variance of 24.452% and 20.856%

which were not significant since they are less than 40% thus the solution is not strong. On the other hand, in Table 4.12 below, three components were extracted with 26.108%, 18.857% and finally 17.158% which are also not quite strong.

**Table 4.11: Decision Drivers**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.467	24.452	24.452	1.467	24.452	24.452
2	1.251	20.856	45.308	1.251	20.856	45.308
3	.931	15.516	60.823			
4	.890	14.831	75.655			
5	.775	12.918	88.573			
6	.686	11.427	100.000			

Extraction Method: Principal Component Analysis.

**4.6.2 Internal enablers**

Table 4.12 shows the principal components that were extracted with regards to decision drivers. Out of the six items that existed only two were extracted. The squared loading for both was at a variance of 24.452% and 20.856% which were not significant since they are less than 40% thus the solution is not strong. On the other hand, in Table 4.12 below, three components were extracted with 26.108%, 18.857% and finally 17.158% which are also not quite strong.

**Table 4.12: Internal Enablers**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.566	26.108	26.108	1.566	26.108	26.108
2	1.131	18.857	44.965	1.131	18.857	44.965
3	1.029	17.158	62.123	1.029	17.158	62.123
4	.925	15.424	77.547			
5	.816	13.603	91.150			
6	.531	8.850	100.000			

Extraction Method: Principal Component Analysis.

**4.6.3 External influences**

In Table 4.13 with regards to external influences, 2 components were extracted at on being 39.277% which is quite strong and the other being 23.469 which is moderate. On the components of internal inhibitors, three components were extracted with 25.104%, 22.947% and 21.436%. The variance relationship is so low though the component extraction is an indication of standing out pointers.

**Table 4.13: External Influences**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.964	39.277	39.277	1.964	39.277	39.277
2	1.173	23.469	62.747	1.173	23.469	62.747
3	.820	16.391	79.138			
4	.682	13.634	92.772			
5	.361	7.228	100.000			

Extraction Method: Principal Component Analysis.

**4.6.4 Internal Inhibitors**

The Table 4.14 shows the principal components that were extracted with regards to decision drivers. Out of the six items that existed only two were extracted. The squared loading for both was at a variance of 24.452% and 20.856% which were not significant since they are less than 40% thus the solution is not strong. On the other hand, in Table 4.12 below, three components were extracted with 26.108%, 18.857% and finally 17.158% which are also not quite strong.

**Table 4.14: Internal Inhibitors**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.255	25.104	25.104	1.255	25.104	25.104
2	1.147	22.947	48.051	1.147	22.947	48.051
3	1.072	21.436	69.487	1.072	21.436	69.487
4	.969	19.388	88.875			
5	.556	11.125	100.000			

Extraction Method: Principal Component Analysis.

**V. SUMMARY, CONCLUSION AND RECOMMENDATIONS**

**5.1 Summary**

The study particularly clarifies the direct and indirect effects on implementation of sustainable CSR practices of the decision drivers, internal inhibitors, internal enablers and external influences. The findings indicate that response rate was dimmed sufficient for analysis and conclusion drawing all standing at 72.1%. The distribution of the findings was also on the management level with all the targeted managers responding with all the managers being above 50% of the gotten respondents except for the divisional directors who stood at 42.9%. The reliability test had a combined scale of 0.773 which is above 0.6 thus showing a high level of instrument reliability. The distribution of the period in which the respondents have been in the organization was crucial to the study since in reflected on their experience with CSR practices.

**5.1.1 Decision Drivers Leading to Implementation of CSR**

The study identified the decision drivers that lead to the implementation of CSR to include the care for the environment and need to manage the relationships that exists between internal and external stakeholders. The allocation of resources was also identified as a key component that will drive the implementation of CSR in an organization. Among the key factors that stood out in the findings were the need to enhance the relationship between the stake holders which was among the extracted factors at 20.8% while on the other hand, the need to improve the brand image with stakeholders such as community activist through factor analysis had a percentage of 24.5%. The regression between the dependent variable (sustainable CSR) and independent variable decision drivers had a significance value of 0.003 which shows a strong relationship between the two variables.

**5.1.2 Internal Inhibitors of implementation of sustainable CSR practices**

The model exhibited a good fit to the data and demonstrated predictive validity by a accounting for considerable variance in the internal inhibitor-dependent variable. One of the most interesting practical finding is how internal inhibiting factors exert substantial restraining effect on sustainable CSR practices. This finding parallels the classic interpretation of the force field concept (Lwein, 1951) on how powerful negative influences such as inhibiting change sapp the power out of positive forces in this case lack of stakeholder engagement and internal supportive framework .

A recognized principle is that interventions to reduce the inhibiting factors will be more effective at leading to desired actions. Additionally, the negative forces are amenable to management interventions such as setting up formalized and analytical processes to manage the CSR programs, developing measurement metrics, developing a stronger business case and prioritization of CSR programs based on need and impact basis.

**5.1.3 Internal Foundational enablers of sustainable CSR practices**

The significant internal enhancers of sustainable CSR are the role that is played by the management and also the culture and core values of an organization towards CSR. These were also the key factors that were isolated through factor analysis with a percentage of 26.1% and 18.9% respectively. The other isolated component was on the organization having published targets of quantified commitments to improve on the company social performance (17.2%) in terms of squared loading. The significance level with regards to the dependent variable also stood at 0.023 thus strong relationship. The mean index stood at 3.9 which were at 78%.

**5.1.4 External Influences of implementation of sustainable CSR practices**

The findings of this study indicate that indeed external factors such as stakeholder demands, competitive pressure and mismatch between community needs and company prioritized CSR projects influence sustainability. As much as organizations do not have control over these factors, there is need to put in place management mechanisms such as benchmarking with well performing entities in terms of sustainable CSR practices and adoption of more impactful projects.

**5.2 Conclusion**

Integration of sustainability in the way organizations are doing business in Kenya has seen a widespread increase in the adoption of CSR programs by many entities. Implementing sustainable CSR practices can be viewed as a strategic transformation intervention that involves management of complex issues as well as integration of stakeholder management efforts. From this study, which sought to determine the factors influencing implementation of sustainable CSR practices, it can be concluded that organizations are muddling through their CSR initiatives. This is as result of the findings of an evaluation of the decisions driving the CR initiatives to internal enablers and inhibitors such as lack of awareness of stakeholder engagement, top management support and lack of

standardized benchmarks to track performance of implemented projects. Moreover, factors outside the control of these organizations also significantly hinder or influence implementation of sustainable CSR practices. From the foregoing, it can be concluded that is possible to implement sustainable CSR practices that are likely to improve livelihood of target beneficiaries and lead to increased eco-efficiency and better management of stakeholder relations. The study has identified the association of these factors with sustainable CSR practices for adoption for organizations.

### 5.3 Recommendation

Future research should extend the findings of this study and provide more pointed, practical advice to managers on how to implement sustainable CSR practices, given its vital importance to the welfare of both business and society. This study therefore recommends that: Decisions driving the adoption and implementation should be guided by the need to implement highly impactful projects. As such, organizations should develop partnership strategies with stakeholders in project identification, implementation and operation. External stakeholders such as communities should also be engaged in the project need prioritization process to ensure that the implemented projects are those that are necessary and essential to the target beneficiaries and spur a sense of ownership in them. Technical partnerships should also be formed to ensure identification and implementation of impactful and sustainable programs being undertaken.

In addition, organizations should manage foundational enablers to ensure they facilitate implementation of sustainable CSR programs. As such, organizations should develop a CSR strategy that will ensure Board, Management and Staff are aware and are actively involved in identifying and implementing projects (funds, skills and time). CSR implementation committees should also ensure the buy-in by top management of CSR programs and work with them to ensure launch of key projects in dealing with internal foundational enablers to implementation of sustainable CSR practices. Furthermore, internal inhibiting factors such as lack of systems to measure the impact of CSR projects and lack of strategies of developing success stories of the projects implemented and integrating this with an organization's marketing and publicity strategies should be managed to show case the companies as a good corporate citizen and enhance their visibility. Organizations should also develop project implementation frameworks to enable them assess how implemented projects are improving the livelihoods of the communities and develop a communication strategy which is integrated with marketing and publicity strategies of organizations.

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