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Moderating Effect of Government Policies on the Relationship between Corporate Social Responsibility Initiatives and Financial Performance of Cement Manufacturing Companies in Kenya

By

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Abstract

The purpose of this study was to determine the moderating effect of government policies (GP) on the relationship between Corporate Social Responsibility (CSR) and Financial Performance (FP) of cement manufacturing companies in Kenya. The study undertook an extensive literature review that looked into the history of CSR, CSR theories, different CSR models and an empirical review on the topic. The study adopted a positivism research paradigm approach. The survey design collected both primary and secondary data. The data was analyzed using both descriptive and inferential statistics. The relationship of interest was established using Structural Equation Modelling (SEM). The study population comprised of workers in cement manufacturing companies in Kenya. The total population was 624 and sample size was 255. A response rate of 80.3% was achieved. The study established that government policies have a negative moderating effect ($\beta = -0.891$) on the relationship between corporate social responsibility initiatives and financial performance of cement manufacturing companies in Kenya. The study concluded that GP has a negative effect on the relationship between CSR initiatives and FP. Based on the research findings, the study recommends that cement manufacturing companies should endeavor to understand different government policies that have implications on the relationships between corporate social responsibility and financial performance and align their operations accordingly. The study suggests that further research should be undertaken to look into government policies that promote corporate social responsibilities towards providing a win-win situation for the government, corporates and any other stakeholder affected by any form of corporate social responsibility engagement.

Keywords: Corporate Social Responsibility, Financial Performance, Government Policies, Cement manufacturing firms

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Introduction

The interest in CSR is growing among companies, but the motives behind it are varying. However, the engagement can to a large extent be explained by increasing pressure from stakeholders (Zizka, 2017). The pressure is not only expressed by customers, but also by employees, suppliers, community groups, non-governmental organizations as well as governments. Zizka, (2017) further adds that the interest in CSR has been seen to be growing particularly in multi-national, multi-divisional companies who are exposed to differing business norms and standards, regulatory frameworks, and stakeholder demand for CSR across the nations they are operating in.

A recent development within corporate social responsibility is a new European Union (EU) regulation on mandatory CSR reporting among large companies, which was introduced in 2014 and puts further pressure on companies to engage in socially responsible activities (European Commission, 2015). According to this regulation, all EU companies with more than 500 employees are required to report information on policies, risks, and outcomes as regards environmental matters, social and employee aspects, respect for human rights, anti-corruption and bribery issues, and diversity in their board of directors.

However, a review of the literature reveals some of the unanimous aspect of the concepts that have attracted convergence of thought among academicians, researchers and scholars alike. For example, concerns about the natural environment, employees, ethics and society as a whole are thought to constitute an important part of a firm’s social responsibility (Carroll, 1999). Robson (2018), notes that economic theories and practices, like accounting for example, have long since qualified business in terms of its capacity to maximize profit. The current global context of business activity, practices and the increased flux of information have demonstrated the limits of these models and the necessity to broaden their scope.

Statement of the Problem

The notion of engaging beyond compliance is ethically desirable, even if it takes away resources from a firm’s immediate needs (Jooh, Niranjana, & Roh, 2010). Similarly, exponential growth of CSR initiatives today suggest that such business activities have shifted from unnecessary additions to a critical business function.

The Occupational Safety and Health Act (2007) an act of Parliament provides for the safety, health and welfare of workers and all persons lawfully present at workplaces. To deliver the mandate the government has established the National Council for Occupational Safety and Health. The council seeks to look into health and general provisions, machinery safety, safety general provisions, chemical safety, welfare general provisions, health, safety and welfare provisions.

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According to Heal and Keller and Foster (2016), literature on CSR suggest that the avoidance or reduction of conflict i.e., on environmental, child labour, pollution etc. issues, is indeed a major contribution of effective corporate CSR programs. A comprehensive list of benefits that the associates have linked to CSR programs includes; a risk management-cost of conflicts with other groups in society like NGOs can be very high, waste reduction-better management of waste materials and production process can reduce direct impact on the company. Furthermore, regulatory protection-a corporation's relationship with regulators can be of real significance in heavily-regulated industries and, employee productivity-companies with a good CSR record have more success recruiting, maintaining and motivating employees.

The basic motive behind any investment, made by the corporate sector is to earn profit (Ali & Alpaslan, 2017). It is among the goals of the organization to maximize shareholders' wealth and generate enough profits to continue the business and to grow further in future (Kyei-Mensah, Su, & Lael Joseph, 2017). Performance of the firm is affected by multiple external and internal factors. It is important to note here that internal factors are firm-specific while external factors can be the same for all or most of the firms. Kyei-Mensah, Su, and Lael Joseph (2017), further add that external factors include market preferences and perceptions, country rules and regulations, and the economy of the country. The market and laws are same for similar businesses but different across industries. Economic impact is same for all industries but is nonetheless an important and un-ignorable determinant of firm performance (Kyei-Mensah, Su, & Lael Joseph, 2017).

Cement is a fundamental building material used in construction in Kenya. According to Curley (2017), allude to studies that have been undertaken in the manufacturing from the past ten years, construction and allied sectors which comprise of many other businesses that vary from cigarette, food paints and cement production. The different products can result in different companies' CSR engagement activities that can be generalized into the health or environment sectors. While there is a relationship between CSR and financial performance, limited research has been done in the Kenyan cement industry. This study examines the extractive industry focusing on cement manufacturing companies in Kenya.

Review of Related Literature

Theoretical Literature

Concepts and theories of corporate social responsibility (CSR) have been examined and classified by scholars since the mid-1970s. However, owing to the evolving meaning of CSR and the huge number of scholars who have begun to analyze the issue in recent years fresh efforts are needed to understand new developments. According to Seechi (2007) the objective is to classify the theories and to draw a map in which group specificities can be made available Table 1. This allows scholars to reach a better understanding of corporate–society relations, and enhances developments both in theoretical and empirical terms.

According to Friedman (1970) instrumental theories like social investments in a competitive context argues that investing in philanthropic activities may be a way to improve the context of competitive advantage for a firm and usually creates greater social value than individual donors or governments can. Garriga & Mele (2004) Political theories specifically, corporate citizenship, a revived concept with three different meanings: a limited view, comprising corporate philanthropy, social investment, and certain acknowledged responsibilities toward the local community; a view equivalent to CSR; and an extended

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view, of corporations entering the arena of citizenship at the point where governments fail to protect citizens, even in a global context. Carroll (1979) Integrative theories noted the principle of public responsibility, whose theoreticians consider that appropriate managerial behavior is found within relevant public policy, which includes the broad pattern of social direction reflected in public opinion, emerging issues, formal legal requirements, and enforcement or implementation practices. Garriga & Mele (2004) Ethical theories are based on principles that express the right thing to do or the necessity to achieve a good society.

Table 1: Corporate social responsibilities theories and related approaches

Types of theory	Approaches	Short description
Instrumental Theories (Focusing on achieving economic objectives through social activities) Friedman 1970	Maximization of shareholder value Strategies for competitive advantage Cause-related marketing	-Long term value of maximization -Social investment in a competitive context -Firm’s view on natural resources and its dynamic capabilities -Altruistic activities socially recognized as marketing tool
Political Theories (focusing on responsible use of business power in the political arena) Garriga & Mele 2004	Corporate constitutionalism Integrative social contract Corporate citizenship	-Social responsibilities of businesses arise from the social power the firms have -Assumes that a social contract between business and society exists -The firm is understood as being like a citizen with certain involvement in the community
Integrative theories (Carroll 1979)	Management issues Public responsibility Stakeholder management Corporate social performance	Corporate response to social and political issues Law and the existing public policy process are taken as a reference for social performance Balances the interests of firms’ stakeholders Searches for social legitimacy and processes to give appropriate responses to social issues
Ethical theories (Focusing on the right thing to achieve a good society) Garriga& Mele 2004	Stakeholder normative theory Universal rights Sustainable development The common good	Considers fiduciary duties towards stakeholders of the firm. This requires some moral theories based on human rights, labour rights and respect for environment Aimed at achieving human development considering present and future generations Oriented towards the common good of society

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In the study, Brandes, Rezende, & Schröder (2018) answers the questions of whether corporate social performance should be measured and, why it should be measured. According

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to him, the brief answer to this question is 'yes', because "it is an important topic to business and to society, and measurement is one part dealing seriously with an important matter. The real question is whether valid and reliable measures can be developed. Axt (2017) indicate that there is no single best way to measure corporate social activities. Smith & Fox (2019), states that the study of business and society needs an ethical anchor to permit a systematic critique of business's impact upon the human community. This need for a moral basis provides a normative foundation for managers to make decisions and suggests that CSR activities are as important as making a profit.

Wei & Lin (2015), also point out the difficulties of measuring corporate social performance and assessed the alternative methods, including forced-choice survey instruments, reputation indices and scales, content analysis of document, behavioural and perceptual measures, and case study. Maignan and Ferrell (2000), categorized these alternative methods into three main approaches: expert evaluations, single- and multiple-issue indicators, and surveys of managers. Expanding on the latter classification, the following approaches are suggested as viable to measure CSR: reputation indices or databases, single-and multiple-issue indicators, content analysis of corporate publications, scales measuring CSR at the individual level, and scales measuring CSR at the organizational level.

Empirical Review

According to Tang et al., (2018) the number of CSR policies in China increased rapidly in the last decade. Government plays an important role in guiding enterprises to fulfil CSR. The paper verifies the role of the Chinese government in guiding China's CSR development, empirically presents the overall evolution of the way in which the Chinese government deployed its guiding strategy on CSR, and empirically verifies that meta-governance is the style used by the Chinese government to promote CSR development in China. Based on the collected policy documents on CSR, the quantitative text analysis of policy documents suggests policy intentions and maps policy process, advancing understanding of policy orientation and evolution. With the State Grid as an example for empirical verification via content analysis and co-word analysis, this paper reveals that the evolution of the CSR reports is consistent with the evolution of government policies on CSR, confirming the guidance role of the government in the course of promoting CSR, verifying enterprises' strategic response to government intentions is an exhibition of corporate adherence to government influence, and demonstrating the power of legitimacy norms signaled by the government.

Steurer (2010) has shown that governments have five types of policy instruments at hand in order to shape and promote CSR in various fields of action a) Legal, b) Economic, c) Informational, d) Partnering and e) Hybrid, and that some governments in Europe are quite active in making use of them. Since the numerous policy initiatives described and systematized above have not only a common purpose (i.e., to foster CSR and sustainable development), but also share the governance principle of voluntariness as well as the respective instrument-related characteristics (i.e., partnering and soft-law), one can speak of CSR policies as a distinct policy field. Regarding the sometimes-complex differentiation and complementation of soft- and hard-law, the paper has also emphasized that, although there is a wide consensus that CSR activities are, by definition, voluntary and CSR policies soft in character, this does not mean that governments cannot (co-) develop binding minimum standards and quality-assuring procedures for issues currently being discussed under the

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heading of CSR. There are two reasons for this. Firstly, the CSR minimum standards may only be binding for those who apply them voluntarily; and secondly, if they become new mandatory legal standards for all, CSR policies will simply be turned into conventional social or environmental hard-law regulations (for examples of this, see Rasche et al. 2008). According to an EU research project on the “Rhetoric and Realities in CSR”, conventional social and environmental regulations not only curtail the scope of voluntary CSR but also provide crucial points of orientation: “companies proved more active with regard to voluntary sustainability activities when ambitious policies provided clear points of orientation” (Barth et al. 2007).

CSR Government Policies Researches using the Structured Equation Model

While some of the soft instruments (such as negotiated agreements) have been applied and scrutinized for years, many others (such as various responsible investment and public procurement initiatives) are still a blank page regarding their effectiveness. As Andrews (1998) notes, environmental business self-regulation was dysfunctional before the 1970s (making command-and-control environmental policies necessary), and the jury is still out as to what degree CSR and the respective public policies are more effective today. While the previous section has explored what CSR, policies signify for business self-regulation and the regulatory state, questions about their effectiveness were deliberately omitted because they are beyond the exploratory scope of this paper. Thus, further research should systematically fill the assessment gaps and explore, case by case, as to how effective CSR policies are in achieving public policy goals and what opportunity costs that they imply compared to conventional regulations (perhaps by also paying more attention to power issues).

Corresponding to the peculiarities of new governance that are explored in detail in the political science literature, the political salience of CSR is obviously a complex issue that is shaped by actors from all three societal domains, i.e. by (progressive) companies (Zadek 2001, 2004), by societal demand for CSR and I owe this thought (and its wording) to one of the three reviewers of ‘Policy Sciences’ the respective CSO activism (McWilliams & Siegel 2001; Frooman 1999), as well as by pro-active public policies on CSR as outlined in the present paper (Zadek 2001; Joseph 2002; Utting 2005). Since the CSR and political science literature track similar governance activities and trends from different perspectives, it is reassuring that the two strands of research draw similar conclusions, e.g., on the transformation of business-government relations and the nature of regulation. Consequently, both of these research strands obviously have much in common and can mutually benefit from each other. The typology of CSR policies that is introduced here can serve as a starting point for exploring the policy field more systematically across disciplinary boundaries in order to learn more about the effectiveness of respective initiatives, and the shifting involvements of the public and private sectors, or perhaps even the blurring of “one of the major dichotomies in social science” (Tang et al., 2018)) altogether. This subject is never more relevant than in a time of economic crises, which highlights the political role of corporations on the one hand, and that seems to bring back government influence (not to say nationalization) in key business sectors on the other.

Past financial performance can explain variation in certain elements of corporate social responsibility. Specifically, philanthropic activity seems to be affected by gross profit to sales ratio and excess market valuation in the past. This seems to agree to a certain extent with the findings of McGuire et al. (1988). However, CSR disclosure was found to be

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associated with concurrent financial performance. In particular, gross profit to sales ratio was found to affect disclosure positively. A combination of high CSR performance and high disclosure was also found to have positive effects on firms' overall profitability. In contrast, low CSR disclosure combined with good CSR performance or high CSR disclosure combined with poor CSR performance were found not to be economically-rewarding strategies. Even poor CSR performance accompanied by low level of disclosure was found to be a better strategy (than the other combinations) in the short term (concurrent period). However, this effect seems to fade away in the longer run (i.e., subsequent periods) (Balabanis et al., 1998).

Balabanis et al., (1998) further add the hypothesis of the "ethical investor" (that capital markets tend to reward socially responsible firms) is not necessarily empirically supported by their research. Quite the opposite, findings suggested that the capital market seems to be rather indifferent to firms that undertake some CSR activities. Even more surprisingly the degree to which a firm discloses CSR information had a negative effect on capital market participants (postulated to be one of the main motives and targets of disclosure). Overall, the findings seem to suggest that other factors than CSR concerns were more important determinants of investors' behaviour. Obviously, the relationship is more complex than has been hitherto suggested.

Research Methods

Population and Sampling

The sample frame was drawn from all the cement manufacturing companies authorized by the Ministry of Mining in Kenya and recognized to have formal registration and have filed current returns with the Registrar of Societies. According to Global Cement (2019) there are currently 6 companies operating in Kenya namely Bamburi Cement, Athi River Mining, East African Portland, Mombasa Cement, National Cement, and Savanah Cement. For purposes of this study, the target respondents were drawn from the different divisions of the six cement companies; that is finance, corporate affairs, health and safety, the legal department and any foundations the cement companies may have registered. According to company websites between 2017-2019, the estimated total population of employees in the industry is about 3120. Approximately 80 percent are casual employees whereas 624 are permanent and pensionable. Therefore, the population in this study consisted of 624 senior top management, middle managers and subordinate staff of various departments/ divisions in the five cement companies currently producing cement products in Kenya for they were key providers of the first-hand information required by the researcher as indicated; Top Managers 39 which is 6.3%: Middle Managers 59 which is 9.5%: Support Staff 526 which is 84.2%: Total's persons 624 and 100% sample size.

Data Collection Procedures

Structured questionnaires were used in data collection as a primary data source. During the study, data was collected using questionnaire developed by the researcher. The questionnaire was developed based on a thorough review of literature and similar past studies. The questionnaire comprised of both open ended and closed-ended questions. The first section had general questions which assisted the researcher to acquire demographic information from the respondents while the second section had both closed-ended questions and open-ended questions which collected the response data on all cement companies towards addressing the research objectives or hypothesis.

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Data for the main study was collected from 2018 to 2019. Permission to conduct study was obtained from the respective institutions beforehand. No incentives were given for participating.

Variable Measurement

The main independent variables were measured by respective eight single statements (questions) scaled 5-point Likert scale. The scales ranged from 1 (Strongly Disagree) to 5 (Strongly Agree). All the constructs used were constructed for this study from expert advice from academic papers and research which were able to point out what items are useful and essential for the study.

Such used statements-regarding Government Policies influencing the uptake of CSR engagement initiatives were: government regulators i.e., NEMA require my company to engage in corporate social responsibility activities; government regulators i.e., Occupational safety and health act require my company to engage in corporate social responsibility activities; government tax laws provide my company with reasons to engage on corporate social responsibility; government tax incentives provide my company with reasons to engage on corporate social responsibility; government policies on ownership structure results in my company's engagement in corporate social responsibility; government policies on risk management impact on my company's corporate social responsibility initiatives; government policies influence my company's approach to corporate social responsibility; government policies influences my company internal policies on CSR and government policies require my company to have governance and dialogue with the stakeholders on the company's corporate social responsibility activities.

To test reliability, the study utilized the internal consistency technique (Cronbach Alpha) developed by Lee Cronbach in 1951 to provide a measure of the internal consistency of a test or scale. In light of the above, the study obtained scores from the test administered by the researcher to a sample of 15 respondents during a pilot study and correlated them. The findings showed that government policies relation to CSR ($\alpha = 0.917$), The data on the reliability scale indicated that all the variables were reliable $\alpha > 0.6$ (Cronbach, 1951).

The study employed the Structural Equation Model (SEM) to enable a multivariate statistical analysis technique that could analyze structural relationships between FP and moderating GP with CSR. The method was preferred in the study as it estimates the multiple and interrelated dependence in a single analysis engagement. A number of CSR studies have adopted the SEM approach to understand relationships between independent variables, dependent variables and mediating factors (Khalid & Al-Shuaibi 2016, Bocciaa & Sarnacchiarob 2014 and Sinha, Sachdeva, & Yadav 2018). In this study, the measurement scales measured three first-order constructs.

Different tests were performed on the data. Normality test was conducted to determine the distribution of data. Using Skewness and Kurtosis statistical tests, the normality test was positive within the range of -2.0 and + 2.0. Table 2 shows all the values of skewness ranged from -.016 to .157 and kurtosis values ranged from -1.049 to -.606. This shows that the data was normally distributed (Ghasemi, & Zahediasl, 2012).

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Table 2 Test of Normality

Government Policies (GP)	GP1	-.016	.174	-1.046	.346
	GP2	-.086	.174	-.963	.346
	GP3	-.043	.174	-.716	.346
	GP4	.079	.174	-.880	.346
	GP5	.157	.174	-.728	.346
	GP6	-.034	.174	-1.049	.346
	GP7	-.097	.174	-.866	.346
	GP8	-.082	.174	-.896	.346
	GP9	-.106	.175	-.606	.348

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Heteroscedasticity was tested by performing the Breuch-pagan / Cook-Weisberg test. The test showed that the error variances are all equal versus the alternative that the error variances are a multiplicative function of one or more variables (Vinod, 2008). Homoscedasticity will be evident when the value of “Prob > Chi-square” is greater than 0.05 (Park, 2008). Table 3 shows that the constant variance (Chi-square= 3.934) is insignificant (P = 0.269).

Table 3 Test of Heteroscedasticity

Ho: Constant variance
Variables: EI

Ho	Variables	Chi2 (3)	Prob > Chi2
Constant Variance	GP,	3.934	0.269

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In this study, the variance inflation factor (VIF) and the Tolerance were used to test multicollinearity among the independent variables. Tolerance measures the impact of collinearity among the variables in a regression model and is calculated from $1 - R^2$ with a tolerance value close to 1 showing little multicollinearity, while a value close to 0 indicates presence of multicollinearity (Belsley, Kuh & Welsch, 2004). The VIF gives an index that shows how much the variance of an estimated regression coefficient is increased because of collinearity (Wooldridge, 2000). Cohen, Cohen, West and Aiken (2013) provided that a VIF statistic above 5 is an indicator of multicollinearity and should be removed from regression models. In this case the VIF values range from 0.542 to 1.845 and it was concluded that there was no evidence of multicollinearity in the data.

The output on the EFA was the KMO and Bartlett’s test which shows the strength of the sampling adequacy after the factor extraction. As indicated in Table 4 the Kaiser-Meyer of sampling adequacy was 0.931 and Bartlett’s Test of Sphericity was significant at $X^2 (36, N=196) = 1706.966, p<.05$). This shows the sample was adequate for extraction of components since Kaiser-Meyer-Olkin Measure was greater than 0.6 and Bartlett’s test was significant ($p<.05$). In this study the sample was adequate and the results of the analysis would represent each variable in the model and for the complete model.

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Table 4 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.931	
Bartlett's Test of Sphericity	Approx. Chi-Square	6472.499
	df	561
	Sig.	.000

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In this study convergent validity was determined by assessing the Average Variance Extracted (AVE), Cronbach's alpha coefficient, and the magnitude of factor loadings. The AVE and Cronbach alpha results for this shows that the Cronbach alpha scores for GP was 0.958 well above the cut-off rate of 0.7 suggested by Hair et al (2010). Likewise, AVE was 0.593 above the cut off value of 0.838 recommended by (Hair et al, 2010) thus it was concluded that the requirements for convergent validity had been met.

Results

The objective of this study was to examine the moderating effect of Government Policies (GP) on the relationship between CSR and FP of cement manufacturing companies in Kenya. To address this objective, the hypothesis below was tested

H0: *Government policies have no significant moderating effect on the relationship between CSR initiatives and Financial Performance of cement manufacturing companies in Kenya.*

This study finding indicate the existence of a negative path coefficient (beta = -0.891) between government policies (GP), and financial performance (FP), as shown in Figure 1. In this regard, H0 was rejected. Since the CR value was 10.513 ($p < 0.05$), the study rejects the null hypothesis and accept the alternative hypothesis and concludes that CSR initiatives moderated by GP had a negative influence on financial performance Table 5.

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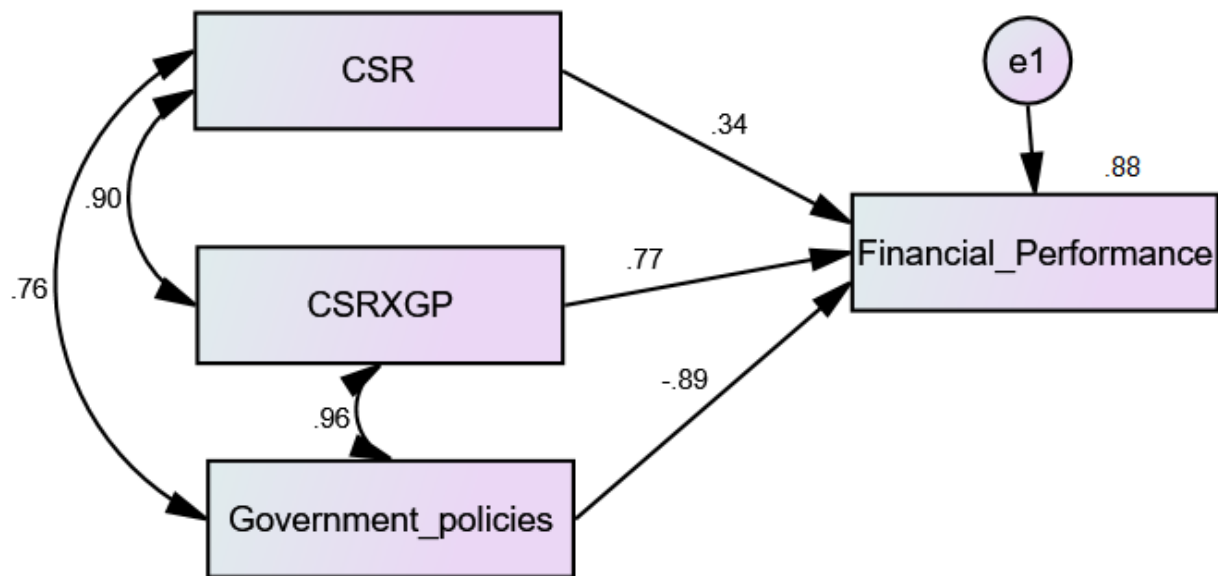


Figure 1 SEM relationship between CSR and FP moderated by GP
Mbole (2020)

Table 5 Regression Weights for CSR and FP moderated by GP

Path		unstandardized Estimate	Beta	S.E.	C.R.	P
Financial Performance	<--- CSR	0.434	0.335	0.056	13.46	***
Financial Performance	<--- CSRXGP	0.223	0.771	0.076	10.394	***
Financial Performance	<--- Government policies	-0.83	-0.89	0.097	10.513	***

Mbole (2020)

According to Table 6 the value for CFI, an incremental fit index, was 0.987, which is above the 0.90 threshold (Hair et al., 2010) hence acceptable and RMSEA which is a value below 0.027 greater than the threshold of 0.06 value provided an excellent fit (Hair et al., 2010). These results suggest that the measurement model for demographics of the relationship between CSR and FP moderated by GP provided a reasonably good fit.

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Table 6 Model fits for CSR and FP moderated by GP

Measure	Estimate	Threshold	Interpretation
CMIN	10.19	--	--
DF	10	--	--
CMIN/DF	1.019	Between 1 and 3	Excellent
CFI	0.987	>0.95	Excellent
SRMR	0.008	<0.08	Excellent
RMSEA	0.027	<0.06	Excellent
PClose	0.05	>0.05	Acceptable

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Discussions

Although the study concluded that GP had no significant influence of FP it established that the moderating GP factors have different benefits to the company including and not limited to better policies that support CSR engagement, tax incentives that encourage companies to engage in CSR and different stakeholder benefits form CSR activities such initiatives have positive output to the companies widely including profitability. It was upon a government to create favorable policies to enhance CSR engagement by companies. This is supported by Tang et al., (2018) SEM studies which noted the number of CSR policies in China increased rapidly in the last decade. Government plays an important role in guiding enterprises to fulfil CSR. The paper verifies the role of the Chinese government in guiding China’s CSR development, empirically presents the overall evolution of the way in which the Chinese government deployed its guiding strategy on CSR, and empirically verifies that meta-governance is the style used by Chinese government to promote CSR development in China.

The study also established that favorable GP would encourage companies to voluntarily engage in different CSR initiatives that indirectly supported the governments overall development agenda. This is by an EU research project on the “Rhetoric and Realities in CSR”, conventional social and environmental regulations not only curtail the scope of voluntary CSR but also provide crucial points of orientation: “companies proved more active with regard to voluntary sustainability activities when ambitious policies provided clear points of orientation” (Barth et al. 2007).

Respondent is the study registered low means and high SD generally and indication that they were not in agreement with the questions asked. Questions of if they adhered to CSR enforced by regulatory bodies or government policies recorded significantly high SD meaning very low agreement. Steurer (2010) has shown that governments have five types of policy instruments at hand in order to shape and promote CSR in various fields of action a) Legal, b) Economic, c) Informational, d) Partnering and e) Hybrid. Regarding the sometimes-complex differentiation and complementation of soft- and hard-law, the paper has also emphasized that, although there is a wide consensus that CSR activities are, by definition, voluntary and CSR policies soft in character, this does not mean that governments cannot (co-) develop binding minimum standards and quality-assuring procedures for issues currently being discussed under the heading of CSR.

Corresponding to the peculiarities of new governance that are explored in detail in the political science literature, the political salience of CSR is obviously a complex issue that is

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shaped by actors from all three societal domains, i.e. by (progressive) companies (Zadek 2001, 2004), by societal demand for CSR and 10-1 owe this thought (and its wording) to one of the three reviewers of ‘Policy Sciences’ the respective CSO activism (McWilliams & Siegel 2001; Frooman 1999), as well as by pro-active public policies on CSR as outlined in the present paper (Zadek 2001; Joseph 2002; Utting 2005). Since the CSR and political science literature track similar governance activities and trends from different perspectives, it is reassuring that the two strands of research draw similar conclusions, e.g., on the transformation of business-government relations and the nature of regulation. Consequently, both of these research strands obviously have much in common and can mutually benefit from each other. The typology of CSR policies that is introduced here can serve as a starting point for exploring the policy field more systematically across disciplinary boundaries in order to learn more about the effectiveness of respective initiatives, and the shifting involvements of the public and private sectors, or perhaps even the blurring of “one of the major dichotomies in social science” (Tang et al, 2018) altogether. This subject is never more relevant than in a time of economic crises, which highlights the political role of corporations on the one hand, and that seems to bring back government influence (not to say nationalization) in key business sectors on the other.

Conclusion

On the moderating effect of GP and the relation of CSR and FP, the study concluded that GP has a negative effect on the relationship between CSR initiatives and FP of cement manufacturing companies in Kenya. With the inclusion of the moderating variable, the results showed CSR initiatives affected financial performance at different levels. Therefore, all factors that determine GP like government regulators i.e., NEMA, occupational safety and health act, government tax laws, incentives, policies on ownership structure, policies on risk management, internal policies governance and dialogue with the stakeholders or stockholders were not critical in influencing FP of cement manufacturing companies.

Recommendations

The research concludes that GP has a significant negative effect on financial performance of cement manufacturing companies in Kenya. Based on this the government needs to develop policies and tax incentives that support different CSR initiatives by the companies. Policymakers and the government, in general, can include philanthropic, environmental and economic contribution as an avenue to be harnessed to achieve the big four agenda, the millennium development goal and finally Kenya Vision 2030 which is a critical blueprint for economic growth and development in Kenya. The government of Kenya is having discussions with public-private partnerships (PPPs) as flag bearers of the development agenda. This research has contributed immensely to understanding how the private sector can support governments to enhance community development through CSR, FP and GP a win-win scenario for both stakeholders and stockholders.

Academia needs to stimulate further interest in the topic of CSR, GP, and FP in Kenya. It will be of importance to understand the impact of CSR on FP of any industrial sector inclusive of the public sector. Academia should also contribute to the teaching of social responsibility in various schools since it contributes to both the theoretical and empirical data on factors that affect FP from different CSR initiatives within public and private sectors in Kenya.

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Based on this cement manufacturing companies need to clearly understand why GP factors have negative impact on FP; in this case which policies or government agencies have a no significant impact on their FP. Companies need to understand which of the different GP initiatives impacts them the most and therefore focus on lobbying to have them changed or improved. This will act as a roadmap for moving ahead on CSR issues for any organization. It will set the firm's direction and scope over the long term with regard to CSR, allowing the firm to be successful by using its resources within its unique environment to meet market needs and fulfil stakeholder expectations.

Suggestions for Further Research

Further research needs to look into GP that promotes CSR activities to provide a win-win situation for the government, companies, and any other stakeholder affected by any form of CSR engagement. The study gave rise to some more parameters that can enrich analysis on GP research and their impact on FP in the future. This could include and not limited to how do companies identify which CSR to engage in i.e., environmental, health, education or any other initiatives as their CSR activities and how these firms can organize mutually beneficial cooperation through stakeholder dialogue that impact on the bottom-line. The latter statement takes into account the fact that companies engage in different business/sector activities i.e., manufacturing, mining and or agricultural. More research needs to be done on how they can engage in similar GP activities that can mutually benefit all different sectors and directly impact on FP.

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