

Although an organization may formulate a comprehensive strategic plan, the extent to which it is successfully implemented will influence organizational performance. This study sought to establish the extent to which strategy formulation practices, Corporate Social Responsibility (CSR) in various organizations, affect organization performance, and specifically sugar manufacturing firms in Western Kenya. The purpose of this study was to investigate the influence of strategic planning on the performance of Western Kenya Sugar companies with CSR approaches being the mediating variable. The research design adopted was the explanatory design which predicts the likelihood of a phenomena occurring given the presence of an event. The sampling technique used was stratified proportionate random sampling. Data was collected from both primary and secondary sources. Secondary data was obtained through document analysis of the records from companies, their newsletters and government reports. Primary data was collected using questionnaires. The instrument was administered by the researcher on 273 selected respondents. Content validity, construct validity and discriminant validity were all established. A survey method was used where data was randomly collected, edited, coded and then analyzed using SPSS version 20. The logistic regression technique for prediction of odds in favour was then applied to forecast likelihood of respondents reporting improved organizational performance. Findings indicate that organizational performance positively changes by a probability of 20 percent if and when better strategy choice is made. This was followed by an 11 percent likelihood of positive change on organizational performance occasioned by enhanced strategic thinking. These effects pass through CSR activities which play a statistically significant role in the relationship. However strategy analysis while influencing organizational performance, it does not predict performance. CSR is noted to impact performance significantly when measured by employee related performance factors. Therefore sugar companies must continue undertaking strategic planning for better performance in future but should incorporate CSR programs in its plans and execution. Strategic thinking and choice hence override strategic analysis as predictors of performance measured by customer and firm characteristics respectively. Strategic thinking and choice hypotheses are therefore rejected on the basis of relationship with organization performance but strategy analysis is not rejected. Among the recommendations are that sugar firms need to increase spending on CSR in order to mediate effects of strategic planning on organization performance. This way companies would enhance their competitive advantage.

ABSTRACT