THE INFLUENCE OF CORPORATE REPUTATIONAL RISK MANAGEMENT ON STRATEGY IMPLEMENTATION IN KPMG KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2018
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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

SUMMER 2018
DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ___________________________ Date: ___________________________

Catherine Mueni Watuka (ID: 652839)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________ Date: ___________________________

Timothy Okech, PhD

Signed: ___________________________ Date: ___________________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of this study was to determine the effect of reputation risk on a firm’s ability to implement its strategy. The research questions for this study were: To what extent does public relations management affect strategy implementation in KPMG Kenya? To what extent do corporate social responsibility initiatives affect strategy implementation in KPMG Kenya? And to what extent does conflict management influence strategy implementation in KPMG Kenya?

The study adopted a descriptive research design. In this study the total population comprised the 600 KPMG employees based in the Nairobi office. A stratified random sampling was used to draw 20% of the 600 employees which translates into 120 employees to form the sample size. Primary data was collected using a questionnaire. The data analysis involved descriptive statistics [frequencies, percentages, means] while inferential statistics involved correlations and regression analysis to infer the findings to the entire population.

The findings of the first objective revealed that the implementation of a strategy becomes successful when the tenets of public relations management are observed. Public relations management has positive influence on strategy implementation. Public relations play many responsibilities in building the image and reputation of an organization. The results of the second objective revealed that corporate social responsibility influences the success of strategy implementation at KPMG. Corporate Social Responsibility perceptions affect the image of brands and firms, the propensity of consumers to buy brands and patronize retailers, and the financial performance of firms.

The results of the third objective established that the ability of an organization to successfully solve their conflicts dictates their level of strategy implementation in the firm. It was concluded that maintaining a quality relationship with customers, stakeholders and regulators facilitates successful strategy implementation in the organization. The study concluded that corporate social responsibility plays a critical role in strategy implementation by engaging in social functions. The study also concluded that conflict management plays a very important role in smooth running of the organization.

With regard to public relations management, it was established that public relations has a positive influence on strategy implementation. It is thus concluded that maintaining a quality relationship
with customers may facilitate successful strategy implementation in the organization. The study concluded that corporate social responsibility plays a critical role in strategy implementation by engaging in social growth of the society. Corporate Social Responsibility perceptions affect the image of brands and firms, the propensity of consumers to buy brands and patronize retailers, and the financial performance of firms. The study also concluded that conflict management plays a very important role in smooth running of the organization.

The study recommends the practice of recommendable public relation strategies in order to ensure that the smooth relationship among stakeholders, employees, the management and regulators is maintained. Many companies have gained enough positive reputation because of effective PR. The study further recommends the participation of KPMG in social responsibilities like educational support and health support programmes in order to create a positive impact both to the society and the company itself. The study recommends early conflict resolution in the organization instead of waiting till the conflict is out of control. This research focused on Public Relations Management, Corporate Social Responsibility and Conflict Management and how they affect strategy implementation in a specific organization. There is therefore a need to do a similar research in other audit and consultancy firms like Deloitte, PWC, PKF, and Ernest & Young among others to compare the results and make conclusion. On the other hand, there is a need to undertake a study to determine the challenges facing strategy implementation in the same firms.
ACKNOWLEDGEMENT

Special thanks to God almighty for His provision, love, care, guidance and enabling me thus far. I would like to thank my supervisor Prof. Timothy Okech for his dedication and unyielding support and guidance which ensured that the project writing was in harmony with all the necessary requirements. I would like to thank my classmates Joan, Sam, Wairimu and Bebbora for their assistance and support in writing this project. Special love and appreciation to my loving and caring parents: Mr. and Mrs. J.B.W. Mbondo for their unwavering encouragement, guidance and for providing all the material and moral support I needed throughout this journey and in my education as a whole.
DEDICATION

This project is dedicated to my loving Father, Mr. J.B.W. Mbondo, a wonderful dad; he has inspired me that I can do anything I put my mind into. This work is also dedicated to my loving and caring Mother, Mrs. Margaret. K. Watuka, who has kept me in prayers with her unconditional support and encouragement to make this a reality. This is also dedicated to my loving friend, Dennis Mambo. Thank you for the inspiration and encouragement.
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<tr>
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<td>Alternative Dispute Resolution</td>
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<td>PR</td>
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<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Businesses are concerned with the long-term survival of the organization and enhancing corporate reputation is one strategic approach to ensuring an organization survival (Candido & Santos, 2017). Eckert (2017) points out that failure of companies to overlook any form of competitive advantage makes an intangible asset such as reputation highly relevant. In the recent years, corporate reputation has gained prominence as a way of driving competitiveness in organizations and because of the delicate nature of corporate reputation, more and more organizations are making a deliberate effort to protect and enhance their reputation. Managers are now building strategic advantage by creating favorable perceptions regarding the company in the key stakeholders’ minds. These favorable perceptions are delivered inform of the company's services, products, services, brands and trademarks and forms a company's capital reputation.

For any organization to succeed, it needs to effectively handle its reputation in order to achieve the desired results. Reputational risk is the chance of loss due to damage or decline in your reputation. Ivell, Seibert and Marks (2016) define reputation risk as risk that arises from adverse perception of an institution by its stakeholders, including customers, investors, and regulators. The management of reputational risk starts with understanding that reputation is all about perception. Corporate reputational risk is currently considered as the biggest threat to modern businesses. Today’s business environment is full of risk and top management teams are faced with the challenge of determining whether their plans and strategies will play out as expected. Reputational risks can damage even the well-crafted businesses.

Trust is the bedrock of any business relationships. This is because smart people are attracted to organizations with strong positive reputations. These organizations are assumed to generate more value which enables them to charge some premium. These improve customer loyalty and thus goods are purchased in bulk. If an organization wants to remain competitive, it must continuously improve its image through creating a good perception in the minds of public. As such, reputation risk has long been recognized as a key risk by business leaders. Warren Buffett famously said that “it takes 20 years to build a reputation and five minutes to ruin it.”
The strategic management process consists steps i.e. formulation, implementation and evaluation. Rugman, Collinson and Hodgetts (2006) describe strategy implementation as the use of organization structure for execution of the formulated strategy so as to attain the organizational goals. Poor strategic decision implementation distorts the value of the strategic plan. This makes strategy implementation a fundamental concept in the process of strategic management. Strategy implementation process actualizes the formulated strategy into and results for realization of the organization’s mission, vision, strategy and strategic goals (Thompson, Gamble & Strickland 2007).

Hunger and Wheelen (2010) stated that although implementation comes after strategy formulation, it is an integral part of strategic management. Therefore, strategy formulation and implementation function simultaneously. Initially, several studies and research in the field of strategic management concentrated on strategy formulation. Recently, focus has shifted from strategy formulation to strategy implementation has happened (Kalali, Akhavan & Pourezatz, 2011). Kaplan and Norton (2001) examined 275 portfolio managers and found that a company’s strategy implementation ability is more fundamental than the strategy itself. This makes implementation to be very important in the formation of a corporate management system.

According to Yabs (2007), strategy implementation requires the presence of certain requirements. These include factors that emanate from the external environment and factors coming from the internal environment. External environment factors include all inputs that go into a firm converting them into finished products. These are raw materials, manpower, energy, and fuel. Internal environment factors include facilities, machinery, internal structures, human resources, financial strength and leadership.

It has been observed that many organizations find strategy formulation easier than strategy implementation. According to Hrebinik (2008), formulating a strategy is hard but it is much harder to execute or implement it in an organization. Cater and Pucko (2010) argues that much more is known about planning than doing, about strategy making than strategy work. Many organizations have the right strategies yet it is only a few of them that are able to implement them successfully. This has compelled managers to understand the key determinants of successful strategy implementation in their organization. The failure of organizations in achieving business targets can be attributed to problems during the implementation phase and not the strategy
formulation process. This practical gap creates a need to understand more deeply some of the factors affecting the successful strategy implementation.

The existence of social media has led to availability of abundant information enhanced the spread of information. Globalization has also led to increased competing products, business partners and employers. Therefore, the corporate reputation of the firm is increasingly become a vital factor (Sarstedt et al., 2013), and firms with a positive corporate reputation are more competitive than those without which implies better financial performance (Gatzert, 2015). A positive corporate reputation facilitates resource mobilization and is an added advantage in the scramble for talents (Fombrun et al., 2000a).

Reputation is slippery, easily compromised, volatile, amorphous and impossible to control (Honey, 2017). Eckert (2017) opines that a firm’s reputation risk and corporate reputation is becoming increasingly vital due to the ongoing globalization and rapid use of media. Thus, with the wake of social media reputation risk has gained new importance in the corporate world. Moreover, in an economy that views market value as hard to assess intangible assets such as brand equity, goodwill and intellectual capital, organizations are vulnerable to anything that tarnishes their reputation.

The aftermath of the global financial crisis has seen a proliferation of non-financial risks. Reputational risk is one topic that has grown in prominence with headlines around the world highlighting the importance of effective reputation risk management. Arthur Andersen, a global audit firm was indicted for tackling the Enron audit. Failure to properly manage its reputational risk led to its fall. This led to questioning of services of large international accounting firms. Currently, the case of Arthur Andersen has lost context.

The English saying “reputation to brands is what propaganda is to politics” resonates all too well with most Kenyan corporates. KPMG Kenya, Nation Media Group and Safaricom were adversely mentioned following their participation in the country’s general election process in 2017. Following KPMG’s audit of the Independent Electoral and Boundaries Commission voter register, the firm received a lot of backlash from the opposition and accused of doing a shoddy job. Safaricom and Nation Media Group on the other hand were accused of “rigging votes” and the opposition even went ahead to advise consumers to boycott products from these two companies. Kenya Airways has suffered a major reputational damage over the years owing to the firm’s
performance. Such unpleasant information results in loss of confidence by interested parties inadvertently eliciting a challenge in attracting and retaining talent, loss of customers to rival firms, increased scrutiny from government agencies and the media among others. The Central Bank of Kenya has outlined a reputational risk management framework to guide all financial institutions on such matters. This means that firms have to constantly protect their reputation in order to maintain their competitiveness. This study aims to determine the effect of reputation risk on a firm’s ability to implement its strategy.

1.2 Statement of the Problem

Organizations’ management has no control over how the organization is perceived by its stakeholders but it does have control over the behaviour of the organization and can influence the perceptions of stakeholders through this. Any aggressive organisation must consider reputation as a major risk issue by considering it alongside other major risks dimensions such as strategic, financial and operational risks. Therefore, organizations need to not only mitigate against the influence of reputation loss, but also look for alternative opportunities that improve their reputations (Wheelen & Hunger, 2004). Therefore, corporate reputation risk management should be a key factor in the implementation of strategy as it may enhance a firm’s gains or lead to great losses.

Many corporates in Kenya have been faced with corporate reputational risks. Companies such as Kenya Airways, Mumias Sugar Company and Safaricom have had their reputations tarnished at one point in time. The professional services firms have had their fair share of corporate reputational damage as well. Candido and Santos (2017) opine that poor reputational risk management is one of the key contributors to the failures of strategy implementation. This therefore means that a poor corporate reputation and poor corporate reputational risk management practices are detrimental to successful strategy implementation in any firm. With the advent of social media, increased scrutiny from the regulator, changes in consumer tastes and preferences as well as the customer of the 21st century being more aware, corporates are faced with more chances of reputational damage than ever before. This means that corporates have to step out to protect their reputation.

Different definitions of corporate reputation exist in literature and for this reason; most of the studies conducted employed the term corporate reputation from different angles (Fombrun & van
Riel, 1997). Different methods have also been used for measurement of corporate reputation (Clardy, 2012). Larkin (2003) argues that coming up with a standard corporate reputation measurement represents is a big challenge in the measurement of corporate reputation. Similarly, no conventional way of measuring and defining and measuring reputation risk has been reached (Walter, 2013). Reviews however exist on the definitions of corporate reputation to the best of our knowledge but no definitions and methods of measuring reputation risk and corporate reputation from the perspective of risk management (Clardy, 2012; Lange et al., 2011; Walker, 2010). This paper therefore seeks to discuss and evaluate available definitions and measurement methods of corporate reputation, as well as reputation risk, with regard to the operability of corporate reputation (risk) management. There is no evidence of research on the influence of the three dimensions of a corporate reputational risk (Public Relations Management, Corporate Social Responsibility, and Conflict Management) on strategy implementation in audit firms, a gap that this study intends to fill.

1.3 Purpose of the Study

The purpose of the study was to determine the influence of reputation risk management on strategy implementation in KPMG Kenya.

1.4 Research Questions

The study answered the following research questions;

1.4.1 To what extent does public relations management affect strategy implementation in KPMG Kenya?

1.4.2 To what extent do corporate social responsibility initiatives affect strategy implementation in KPMG Kenya?

1.4.3 To what extent does conflict management influence strategy implementation in KPMG Kenya?
1.5 Significance of the Study

1.5.1 Top management and Practitioners

This study is significant for top management of audit firms as it will provide insights on the influence of corporate reputational risk on their strategy implementation and how it can be managed to avoid negative reputation.

1.5.2 Policy Makers

This study is of importance to policy makers and the government on reputational risk management factors which influence the strategy implementation of firms. This study will give information on the perceptions of firms on the influence of the three dimensions of corporate reputational risk and this information will be useful to make decisions and formulate policies.

1.5.3 Researchers and Scholars

The study is of importance to researchers and scholars as it will contribute to the body of knowledge on corporate reputational risk management and strategy implementation in organizations. The study will also be of significance to researchers as it will be a source of reference and also suggest areas for further study on corporate reputational risk management and strategy implementation in organizations.

1.6 Scope of the Study

The study was aimed at determine the influence of reputation risk management on strategy implementation in KPMG Kenya. The target population of this study was 600 employees working at the KPMG in Nairobi. The limited scope of the study provides for future studies to encompass a larger population to validate the findings of this study. The research was carried out between May and July 2018 and was limited to issues and events during the period of study.

1.7 Definition of Terms

1.7.1 Corporate Reputational Risk

Corporate reputational risk refers to the risk of loss brought about by damages to a corporate's reputation, in lost revenue; increased regulatory, operating and capital costs; or reduction in the shareholder’s value (Honey, 2017).
1.7.2 Strategy Implementation

This is the conversion of a chosen strategy into organizational action so as to attain strategic objectives and goals. According to Wheelen and Hunger (2004), it is described as all the choices and activities required for successful execution of the strategic plan.

1.7.3 Public Relations Management

Public relations management refers to the practice of managing the transfer of information between individuals and their respective organizations (such as a business, a nonprofit organization or government agency) and the public (Fraser, 2007).

1.7.4 Corporate Social Responsibility

CSR refers to a self-regulatory mechanism where a business monitors and ensures active compliance with the ethical standards, spirit of the law and national or international norms (Rasche, Mooring & Moon, 2017).

1.7.5 Conflict Management

This is the process of mitigating the negative facets of conflict while the positive ones (Rahim, 2002).

1.8 Chapter Summary

This chapter covered the introduction of the study where it has presented the conceptual and contextual arguments. It also presented that statement of the problem, purpose of the study, research questions, and significance of the study, scope and definition of key terms.

The second chapter examined literature as conducted by several scholars and researchers to inform the current study. The literature further identified the research gap to be filled by the study. Chapter three covered research methodology where it discusses the methods that were applied by the researcher in collecting and analyzing data so as to achieve the research objective. Chapter four covered research findings and interpretations while chapter five cover discussions, conclusions, and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review of the study. The chapter is arranged according to the research questions. The variables under study discussed in this chapter include public relations management, corporate social responsibility and conflict management.

2.2 Public Relations Management and Strategy Implementation

Generally, public relations have a big role in building an organization’s image and reputation. According to Sull, Hokes and Sull (2015), it gives the organization an opportunity to successfully monitor, interact, and react with other major stakeholders within the organizational framework. Therefore, it is described as the organizational sector that facilitates communication and action in order to support the development and maintenance relationships that are of mutual benefit between the organization and the interdependent groups (Murray & White, 2005).

A public relations strategy is a tool for an organization to use in order to take advantage of opportunities in the existing market. Consequently, organizational corporate reputation is determined by its effectiveness in formulating and executing public relations policies. Thus policy implementation is perceived as a key determinant to organizational reputation. Capri (2010) defines public relations policies implementation as the process through which PR policies are executed using strategies, budgets and programs. This requires the introducing changes to the organization for the purpose of administration of public relations. Changes often affect roles and functions of people, reporting procedures and evaluation and control methods.

Basically, public relations seek to uphold the company’s reputation. Nearly all PR practitioners concur that a firm’s reputation is a key prerequisite for organizational success. Organizational reputation should be preserved because once it is very difficult to regain once it is tarnished (Murray & White, 2005). Maina (2011) stated that a company's reputation influences its ability to attract investors, to sell products and services, to exert influence in government circles and to hire talented staff. The reputation of the organisation reflects the attitudes and beliefs of the employee, perceptions of the customers, business partners and vendors as well as the entire community (Dozier & Lauzen, 2000). The mandate of PR is to publicize all those traits and attributes to the
public and target market of the organization. Effective PR accords a company positive public relation.

Often, establishing associations with the stakeholders of the firm is important for implementation of firm strategy. Ideally, customers are considered as the most crucial stakeholders of the company. For a firm to attain competitive advantage, the value of products advanced to its customers must be more superior that those of its customers. The firm must therefore build quality relationships with its customers which is quite involving. Furthermore, the firm must establish good associations with other stakeholders such as suppliers since they provide external resources that are required for development of capabilities and effective strategy implementation. Firms must therefore build relational capital to facilitate implementation of strategies (Hitt, Bierman, Uhlenbruck, & Shimizu, 2006).

Hickson, Miller and Wilson (2007), insists that good policies cannot be effective if they are not implemented. Consequently, it is much better to have a second class policy that to have a first class policy that is not effective. Hickson et al., (2003), argues that slightly less than 50 percent organizational policies get implemented. Additionally, failure in implementation of public relations policies is a pointer to failure in the formulation of the policy. The utility of any policy or tool lie in proper usage. Delays in formulating friendly and supportive policies will always make performance of public relations to fail.

2.2.1 Technology

An intelligent agent either is provided as part of a service on a search engine, portal or infrastructure with the purpose of adding value or encouraging usage. In some cases, it may be provided to the consumer directly. Some researchers have argued that intelligent software may lead to elimination of intermediaries between sellers and buyers such as brokers and agents (Benjamin & Wigand, 2010). Consequently, organizations such as eBay and Yahoo are increasingly offering intermediaries in the form of intelligence software for the purpose of facilitating B2B transactions.

Maes (2011) noted that while new forms of intermediaries were emerging, he suggested that they are likely to disappear in future. Sarkar et al., (2013) insisted that traditional PR intermediaries will promote growth for web-based software intelligent tools (‘cybermediaries’). Sarkar et al.,
(2013) argued that intermediaries will eventually be bypassed by new forms of electronic communications. Consequently, various functions of PR intermediaries will eventually be involved in the electronic markets. They also highlighted various institutional and social factors that may cause elimination of PR technology in the marketplace.

Jin and Robey (2011) noted that public relations are enabled by information technology tools. They investigated public institutions that used electronic tools in public relations. Evidence showed an increasing role being played by online intermediaries who included supplying inter-organizational information, building providing trust and aggregating information. They insisted that there are numerous benefits of enlisting many providers using intermediaries. Their approach of analysis is theoretical and economics based.

A study by Coombs (2007) noted that shift to a relational perspective and the need to establish and maintain mutually beneficial relationships is concurrent with a dramatic shift in the means by which public relations operates. From electronic mass media and print, the wide range of digital means of communication is creating the need for a new grouping of PR skills and disciplines. The email, internet, and mobile telephones, online chat, graphics and associated SMS (short message service) and satellite television systems and capacity, handheld personal digital assistants that allow for interactivity between viewers, are fundamentally changing the means of communication (Corbin & Strauss, 2008).

Doorley and Garcia (2007) argue that new communication technologies have influence on internal and external communication especially in times of crisis. Today, people are using social networks, mobile phones and cameras to share information instantly. Coombs (2007) argues that people directly involved in a crisis are increasingly experiencing trauma as a result of the sharing of news on the internet and other media. Consequently, the reputation of government and non-profit entity, public and privately held company or a public figure can be threatened through sharing of wrong information. Eyrich, Padman and Sweetser, (2008) noted that public relations practice requires a number of activities which include technology to strengthen public confidence, assessing risks and identifying causes.

Jefferson (2006) insists that the web has become a critical tool in sharing of information about disasters such as tsunami and hurricanes. Jefferson (2006) concluded that combining information through unofficial Internet bloggers, official channels, and observer information is becoming
increasingly challenging for organizations. However, this is seen as critical for accuracy, timeliness, and completeness of the information.

Fearn (2011) insists that control of information is increasingly becoming a major issue since companies have little time to prepare and present correct and accurate information about reality. Additionally, distributing such information in various media channels is also a major issue (Argenti, 2006). Consequently, companies have to deal with public relations challenges presented by new forms of technology. In addition, companies have to utilize the different channels in during crisis in order to communicate with internal and external audiences.

2.2.2 Public Relations Officers’ Skills

It has been widely acknowledged that employee’s skill is a critical factor in effective performance of public relations especially where an organization lacks qualified manpower. Drucker (2009) argued that managerial skill required decision making skills which are necessary for prioritizing in public relations. Dandira (2011) insists that an executive committee is necessary to establish the vision and mission of the public relations. Additionally, manpower is necessary for efficient planning of communication strategies. Key skills noted include interpersonal skills, communication skills, and environmental analysis skills.

Dandira (2011) proposes a top to bottom approach in communication. This is essential for employees to understand public relations performance. Managers of public institutions should therefore be encouraged to share information for the purpose of enhancing public relations performance. Consequently, professional skills are key especially at the planning stage. Effective communication skills are important for managers to pass down to various employees. However, it is continuous learning that enables employees to obtain skills to scan the market environment.

Sherman, Rowley and Armandi (2007) observes that in Africa, many managers are appointed to positions that they do not qualify. For example, it is common for a former army general to be appointed as a university administrator. The two positions require different styles of leadership. This contributes to a mismatch of personalities and policies thus becoming a major challenge to the organization. Consequently, the recruitment of innovative and business minded people is seen as critical to the improvement of public relations performance.
A study by Gakure (2013) on PR strategic dimensions in Kenyan concluded that employees that are highly skilled are required for successful public relations implementation. The study’s conclusion was that having qualified staff improved public relations’ performance. Successful performance of public relations is linked to staff empowerment and stretching of organizational needs to emphasize more on staff recruitment and training. Sami (2011) emphasizes that the ability to adapt to changing market environment is a key determinant of the quality of service delivered to customers. Additionally, public relations make it possible for organizations to respond to situations in the market place and thus secure the reputation of the organization in the long term.

Schaap (2009) argues that government quality of public relations often fails because employees do not possess the necessary skills and competencies for effective service delivery. They lack the specific skill levels and experience as a result of lack of training. It is often a challenging task to have an effective performance of public relations is a difficult task for any management team. The situation is worsened by the fact that many employees lack the requisite skills (Hrebiniak 2012). It is evident that poor PR dramatically affects organizations communications efforts. Additionally, good execution cannot replace the overcome the limitations of bad PR strategies or a poor communication strategy. Allio (2009) argues that necessary skills that employees have will impact on communication strategies and plans. Alexander (2010) argues that it is important to ensure that employees are trained in order to help promote successful formulation and implementation of public relations policies.

Mauborgne (2010) did a study on modern communication strategies and found out that the issue of performance of public relations is critical for successful formulation and consistent implementation of public relations policies. Bantel (2009) argues that specific market strategies or products can be achieved using specific performance targets. Bantel (2009) concluded that communication strategies and the employee’s capabilities should be matched. Bantel (2009) insisted that public relations ultimately impact on trust, commitment and social harmony. It also affects level of satisfaction of managers.

Singh (2011) argues that employee commitment and trust in performance of public relations will need specific cognitive requirements which can be achieved using decision support software tools. Singh (2011) concluded that computerized cognitive tools can be incorporated into decision support software to empower decision makers and support strategy execution. Consequently, these
tools have a positive effect on efficiency and effectiveness of decisions and made. However, the support system decision is more strongly enshrined in performance of public relations and it requires employees to possess skills that will contribute to success of public relations.

Chimhanzi (2009) supported interdepartmental working relations since they are critical for consistent implementation of public relations. Conflict negatively affects performance effectiveness of PR while communication positively affects PR. Additionally; interpersonal communication is better compared to written communication. The dynamics affecting departments within the organizations are in turn influenced by the level of support from senior management as well as information integration and joint reward systems. The main people involved in the execution process include senior management, middle level managers, low level managers and other employees. Effectiveness of performance of public relations is generally determined by the reputation of employees participating in the process (Govindarajan, 2010).

A study by Sweeney (2010) on employee’s role in communication strategic management opines that public organizations must have qualified employees with adequate experience to handle required positions and tasks. This study finding indicated that success in public relations is determined by the employees involved in the process. The people formulating the PR strategy determine the success of the strategy. Other factors are system related. In the same manner, Harrington (2009) noted that involvement of the right people in public relations work positively impacted on the profitability of the organization.

2.3 Corporate Social Responsibility and Strategy Implementation

Most customers in developed countries place emphasize on the firm’s Corporate Social Responsibility when making purchase decisions. Corporate Social Responsibility perceptions influence the rate at which consumers buy brands, firm’s image and brands and patronize retailers, and the firms’ financial performance (Luo, Xueming & Bhattacharya, 2006). Ideally, the increased relevance on Corporate Social Responsibility (CSR) has been brought about by increased public awareness about the firm’s CSR initiatives. Growing mass media coverage, rising numbers of anti-corporate Web sites, aggressive consumer advocacy groups and major movie documentaries have all revealed multiple company practices that are rather socially irresponsible.
Due to increased instances of negative firm behavior and sensitivity levels of customers, employees, and other stakeholders to environmental and social issues, CSR is being treated as a vital strategic objective by most firms (Rigby, 2003). Most established U.S. and global enterprises including PepsiCo, Accenture and Dell vowed to adhere to comply with certain principles of CSR. According to Wheener et al., (2008), not only has the essence of firm’s communicating their CSR substantially increased recently, but continually continues to rise due to the prevailing economic conditions and the resultant scepticism on the effect of corporate practices on the societies’ well-being.

Corporate Social Responsibility is described as the company’s responsibility to bring a positive impact to the society and reduce its negative impacts on the society. The impact of CSR on consumers has been demonstrated in several studies. Consumer attitudes towards firms, brands, retail stores; purchase habits; identification with companies and causal attributions (Sen, Korschun & Bhattacharya, 2006). Research has also examined the impact of both positively and negatively reported CSR information and found that negative CSR information has a stronger effect than positive information (Sen, Sankar & Bhattacharya, 2006). Carrol (1979) argues that a firm’s managers have four roles; economic, ethical, discretionary and legal. The management of business organizations are tasked with producing valuable goods and services in order to meet both the shareholders and creditors’ obligations. The management must also comply with legal responsibilities such as hiring and promoting people based on merit and not non-job related attributes such as race, religion or gender.

The management must adhere to the generally accepted beliefs regarding societal behavior. For instance, firms are expected to liaise with the society and employees in planning layoffs. Failure by the organization act as per the generally accepted ethical values totally upsets the employees. The voluntary obligations assumed by an organisation are referred to as discretionary responsibilities. Examples are training the hard-core unemployed, philanthropic contributions and provision of day-care centers. The difference between discretionary and ethical responsibilities is that many people expect an organization to fulfill ethical responsibilities whereas few expect it to fulfill discretionary responsibilities (Luo, Xueming & Bhattacharya, 2006).

Business firms fulfill their economic responsibilities through profit making. Businesses fulfill their legal responsibilities by abiding to the law. Social responsibilities such as discretionary and ethical
also have to be unconditionally fulfilled. This, a firm can do by engaging in activities that are valuable to the society but not yet amended into laws. First, the firm should satisfy ethical obligations and then fulfil the discretionary ones. Discretionary obligations are totally voluntary actions which are not necessarily vital to the society. For instance, Cisco Systems dismissed its 6,000 employees that were employed on a full time basis and provided them with an undeniable package. The condition was that the employees should work for a local nonprofit organisation for a span of one year and be given a third of their salaries and stock options benefits so as to be hired again. Non-profit organisations were happy to work with such qualified people and Cisco retained its talent pool by hiring them again (Wheener & Hunger, 2008).

Today’s discretionary responsibilities may become tomorrow’s ethical responsibilities. For instance, day care services are rapidly transforming to being ethical responsibilities from being discretionary responsibility. According to Carrol (1979), if business corporations disregard ethical or discretionary responsibilities when crafting their strategy, government will intervene and make them legal responsibilities. Governments may do this, moreover, without regard to an organization’s economic responsibilities. As a result, social responsibilities organizations may have great challenges earning profits than they would have if they had assumed some discretionary and ethical responsibilities voluntarily.

Firms which cannot adequately cope with competition within the industry use CSR to gain an upper hand in the community in which they operate. Most firms consume societal resources and pollute the environment without compensating the society. CSR practices therefore establish a symbiotic association between the firm and the community thus giving them an understanding of the relevance of being socially sensitive. The researchers’ view of what CSR implies is that it is a strategic move undertaken at organization’s corporate level to provide the society with social intervention platforms as education sponsorships, recreational activities, sporting activities and social infrastructures such as hospitals, schools, roads, water and electricity supply.

The current agitation on CSR often renders corporations as violators of human rights in global supply chains, as the cause of environmental disasters, as accomplices to repressive regimes, as promoters of human rights and as potential protectors of the environment (Schrempf-Stirling & Palazzo, 2016; Phillips, 2010). Corporations are confronted in this debate with more expectations on the consequences of their decisions (Scherer & Palazzo, 2006). Legitimacy is defined as the
general perception regarding a phenomenon as desirable, appropriate or suitable within generally accepted social system of norms, values, definitions and beliefs (Suchman, 1995).

A corporation’s legitimacy is provoked if its behavior is deviates from the norms of the institution. Legitimacy threats are caused by contested incidents, behaviors or issues (Scherer et al., 2013) and can give a false perception regarding the corporation from societal context (Suchman, 1995), making it hard to attract stakeholders (Dirks, Zaheer & Lewicki, 2009; Mitchell, Wood & Agle 1997). Although most corporations hate to be linked with their past, critics nonetheless perceive corporations and their previous harmful undertakings as interdependent. In anticipation of the potential historic dimension of the current CSR debate, Palazzo and Scherer wrote, “We are well aware that our findings could be disputed by future generations and upcoming cultures” (2007: 1102). As Porter and Kramer recently noted, business legitimacy has subsided to levels never witnessed before (Crane, Palazzo, Spence, & Matten, 2014).

2.3.1 Stakeholders’ Consultations

Stakeholder consultation helps an organization be transparent, well targeted and coherent. Consistent engagement with stakeholders helps to address their concerns and suggestions as they arise. This dialogue is vital since it provides the firm with a broader understanding of the evolving priorities of the stakeholders and helps them in fulfilling their promise (Philips, 2010).

Ethical leaders in CSR ought to take their responsibility seriously and also have the management team become involved in the community for the both the benefit of the community and the organization. The managements need to have polies for the stakeholders in the community and get ways to know how they affect them. The organization needs to know what the society thinks of them. Also, the mangers need to ask the stakeholders how the policies of CSR are likely to affect the organization, the relationship (Seitel, 2007).

The involvement of an organization to the community provides an opportunity to create an image of a company as the one that cares about the welfare and well-being of both its people and the community in which they live in (Landreth, 2002). In the end, it comes down to attitude. If companies see fulfilling their social responsibilities as a necessary chore rather than an opportunity to maintain and expand their reputations and standing in the community, they are limiting their flexibility to respond to what happens in the outside world (Brudney & Ferrell, 2002).
According to Archie (2001), corporations should be treated as social institutions since it brings together individuals with common objective of fulfilling the provision of services and goods. Corporations exist in the current context since the society inherently sanctions them to behave in that manner. Most people in the society view the existence of corporations from the social perspective of CSR despite some claiming that their existence should be based on the moral view. This is because most corporation a run as private institutions with for purely profit making purposes (Tanimoto, 2005).

Communities argue that corporations should exercise high standard of care not only in their home jurisdictions, but act up to the standards whenever they operate (Brundey & Ferrell, 2002). The assistance of activists has also made organizations reassess how they relate with the society. They do not accept corporation which conduct themselves well at home, whole violating and overlooking basic norms of consumer, employee, community and environmental protection elsewhere (Kaplan & Norton, 2004).

2.3.2 Customer Perception of the Company Motives

Customer perception refers to the customers’ view with regards to particular products offered by the company as prescribed by several factors including the overall experience and price (Luo & Bhattacharya, 2012). Customers are more concerned with what the company is not doing as opposed to what it is doing (Gilbert & Malone, 1995). Godfrey and Hatch (2007) propose two main CSR activities which are the economic pole which is concerned with corporations and the moral philosophy pole whose primary concerned with social responsibility.

This therefore implies that every company has two main motives one being the intrinsic motives which is the likely benefit for the social cause and the extrinsic motives which describe the involvement of the company in social responsibilities for self-interested reasons (Forehand & Grier, 2003). Other authors however define these two motives as altruistic versus egoistic (Bendapudi, Bendapudi & Surenda, 1996), or profit-driven versus socially driven (Becker & Hill, 2006).

Van Marrewijk (2003) proposes three primary reasons for company’s engagement in environmental or social causes as they are made to do it, they feel obligated to do it or they want to do it. Studies by Aguilera et al., (2007) distinguish between self-interested motives, moral and
relational motives. Furthermore, Groza, Walter and Pronschinskee (2011) break the motives into three areas. They argue that intrinsic motives are value-driven and are adopted by the company to contribute to the good cause while the extrinsic motives can either be stakeholder-driven attributions where the firm feel obliged to bring good cause to the stakeholders and strategic-driven attributions where the company focuses on economic rewards and competitive advantage when triggering social cause. Consumers are likely to perceive intrinsic motives if company lacks salient benefits and extrinsic motives when the company exhibits salient benefits (Forehand & Grier, 2002).

### 2.4 Conflict Management and Strategy Implementation

The existence of different attitudes, beliefs, values and skills among different social entities makes conflict an inevitable aspect among human beings. Conflict often spurs when small irritating behaviors such as negative attitudes are repeated over time within a societal context. Conflict is mostly witnessed at the top management level of an organization. Conflict is a normal and natural practice at workplace and is useful in making fundamental changes within the work or home environment. Poor conflict resolution mechanisms leads to dissatisfaction, depression, hopelessness, unhappiness and other emotions. The consequences are often behaviors such as emotional and physical withdrawal, resignation from jobs, dissolution of personal relations, violence and aggression (Petkovic, 2008).

Any form of conflict requires intervention since it disrupts the functioning of the office and consequently productivity. The extent to which a situation may be tolerated before intervention varies among individuals. The employees often handle minor exchanges among themselves and a manager might only need to intervene when the situation expands beyond the parties initially involved and is likely to affect productivity and welfare of other employees. Immediate intervention is however required when one employee threatens another (Long, 2006).

Petkovic (2008) argues that conflict management entails acquisition of conflict related skills such as conflict resolution skills, establishment of conflict model structures and establishment of strategic measures and approaches. Conflict management models are the tools used in assessment of appropriate actions needed for conflict resolution. These include Thomas Kilman model, Holton model and Blake and Mouton model (Newell, 2008). Conflict management approaches are anchored on the rule that conflicts cannot be completely resolved but could be managed through
actions such as avoiding, accommodating, collaborating, compromise and confrontation strategies to management of conflicts are among the approaches that seek into achieving long term conflict resolutions among parties involved. Strategies include collective bargaining, negotiation, third party intervention, mediation, communication and brainstorming (Petkovic, 2008).

2.4.1 Negotiation

Negotiation is the most pronounced conflict resolution mechanism and is successful when opposite sides’ interests are partly common or different (Shalley et al., 2004). The process through which agreement or compromise is reached without dispute or argument is described as resolution (Verma, 2006). Since negotiation revolves around the ability to create alternatives and look beyond existing ideas, its application by an organization enables it to formulate a good performance plan by developing objectives that will lead to attainment of organizational goals (LeBaron, 2003). A study conducted in secondary schools on conflict management strategies concluded that the use of negotiation for conflict resolution in secondary schools in Kisumu municipality is effective in performance improvement (Okoth, 2013).

According to Petkovic (2008) there are several negotiation tactics that can be adopted. These include Face–to-face approach whereby mutual confidence is used as the foundation for negotiation, Persuading tactic whereby different approaches are used to bring partners together and reach an agreement, Deceitfulness which assumes presenting false arguments and information, Threat tactic based on deterrence from the side which the more realistic argument, or power. Promise tactic based on having more power or standing in a better position, with the weaker side being persuaded by the stronger that it will stick to its promises and Concession which is the most applicable negotiation strategy. All actors in the conflict are important in making concessions. Since negotiation continuously gains importance as a constructive and popular way of managing conflict, De Dreu, Weingart and Kwon (2000) assert that negotiators can help adversaries communicate with each other in many ways.

A study by Wanjiru (2012) examined how the use of negotiation affects the performance of the Kenyan commercial banks. It was concluded from the study the bank’s performance was greatly influenced by negotiation. For example, negotiation was used to arrive at a compensation package to be used by both parties thus minimizing the conflict levels expected and thus better performance.
Negotiation and its influence on performance can be seen in an organization's performance appraisal process. Therefore, an effective performance appraisal system enables an organization to work towards attaining maximum organization performance and growth using any possible means (Long, 2006). These initiatives give top managers a comprehensive view of organizational goals which gives an organization effective performance appraisal system thus avoiding chaos rising from the bottom management. This may result into conflict if employees feel that they are appraised unfairly. It can also result in poor performance if the employees do not clearly understand what is expected of them. It is therefore important for there to have a negotiation at the beginning of the performance contract so that an employee is well informed of what is expected (Norreklit, 2003).

Ideally, performance appraisal negotiations provide employees with important feedback that can be used for performance improvement. This includes suggestions for change and encouragement to pursue positive behavior. Managers demonstrate to employees how developing new skills and improving their overall performance will lead to additional responsibilities, increased monetary benefits and promotions (Miller & Swope 2006). This honest feedback motivates the employees to improve their performance and the managers by receiving insightful ways of improving both their departmental operations and leadership styles. Most would however agree that the performance appraisal processes of an organization operate in less ideal ways than expected (Thompson, 2005).

Negotiation is increasingly gaining relevance as a constructive and popular way of doing business (De Dreu, Weingart, & Kwon, 2000). In a move to improve financial performance, there is emerging mobile telephony innovation among banks and specifically Saccos with providers of various service delivery channels e.g. ATMs, PoS, mobile services and internet banking. Negotiation into awarding of contacts requires all agencies to develop a strategy that ensures the performance goals of an organization are met. This is achieved by negotiating the incremental progress toward attaining the general goals of the strategic plan.

The outcomes of negotiation to a large extent determine if the opposing teams will gain a mutual understanding and work towards the achievement of organizational goals to improve performance (Dreu, 2003). In any negotiation exercise the outcome will either promote group cohesiveness or buildup of tensions. The outcomes include win-win, win-lose and lose-lose outcome. The win-
win negotiating outcome applies to many situations, including contract negotiations as well as conflict resolution. Negotiation is not about one party imposing terms on another since this often leads to a mutual satisfaction. The outcome can only be mutually satisfactory if both common interests and differences are considered (Kwon & Weingart, 2004).

### 2.4.2 Litigation

According to (Ibid, 2013), litigation entails filing a lawsuit and having the dispute either resolved either by a jury or judge. Litigation involves the use of civil justice systems or court to resolve legal issues and to compel the defendant to participate in dispute resolution (Muigua, 2014) with the goal of finding justifiable manner of solving disputes. The constitutions of most nations have formed the judiciary as a government organ primarily for conflict resolution. Law courts are known to entertain disputes as opposed to organizations who strive to minimize conflict by all means (Ojwang, 2011).

Litigation has however received several criticisms for failing to guarantee fair administration of justice. Courts in Kenya for instance have encountered a number of challenges in delay of awarding justice to the offended (Muigua, 2014). The role of the Kenyan courts is dependent on civil procedure limitations and litigious actions of the parties involved (Ojwang, 2011). Members of a group therefore need to understand that not every conflict is bad before resolving to litigation as a conflict management strategy (Muigua, 2014). However, certain conflict situations could be converted to positive conflict and thus aiding the attainment of the group’s aims (Murthy, 2006).

According to Brown and Mariott (2012), a good conflict resolution system is one that puts the two parties after the conflict resolution at a good position than they were before both in terms of their gains and interpersonal relationships. Although conflict/dispute resolution is often referred to as an Alternative Dispute Resolution (ADR) technique, in states the process through which two or more interject to solve their differences. Conflict resolution could be split into Judicial Dispute Resolution and Alternative Dispute Resolution. Litigation is the most commonly used judicial dispute resolution system. According to Ibid (2013), management of conflict through litigation may be slow, expensive and could lose the necessary practical credibility due to environmental matters.
Litigation is not a process of solving problems, it is a process of winning arguments for instance cases in Kenya of Waweru v Republic (2007) and Friends of Lake Turkana Trust v Attorney General & 2 others [2014] demonstrate instances where the courts have taken the active role of promoting environmental protection and averting potential natural resource based conflicts. Unresolved conflict can make employees to resort to litigation (Kenyan Law Review, 2015). In 2005 the Court in Kenya ordered Samsung Electronics East Africa to compensate an employee for sexual discrimination, racism & wrongful months compensation for sexual and racial discrimination as well as unlawful termination of Kshs. 7,152,000/and costs of the suit. The result of this was costly to the organization and the financial performance of the organization was affected by the lawsuit that had not been anticipated. The performance of the company was also affected since she was performing key role in the organization termination (Kenya Law, 2015) The Claimant won the case and was entitled to one month’s salary in lieu of notice Kshs. 596,000/, Kshs. 437,066.60 bonus payment duly earned in the first quarter of 2013 being equivalent to her monthly salary Kshs. 596,000/-. Workplace accidents can also result in litigation and the employer may pay damages worth 8 times the annual basic salary of the affected staff (Kenyan Law Review, 2015). Engineering and construction companies are the most common participants in litigation involving workplace accidents due to defective work products and tools. An employee can sue in the case of an accident if he/she thinks he will not be given fair compensation commensurate to the damages caused (Kenyan Law Review, 2015). Contractual damages are generally awarded so as to protect the claimant’s expectation interest, to give him the benefit of the bargain: the claimant ‘is mostly compensated using monetary terms. Contractual damages are generally awarded so as to protect the claimant’s expectation interest, to give him the benefit of the bargain. According to an article by Business Daily 2015, Telkom Kenya workers threatened to down their tools if they did not receive the same bonuses as their seniors. According to the workers, the company was discriminating and victimizing them simply because they decided to join union. According to Metcalf and woodland (2003), Strikes not only affect the local economy but, employees and businesses alike. Employment associations between both parties could become frustrated which could affect teamwork, performance and profitability (Budd, 2004).
2.5 Chapter Summary

This chapter presented a review of literature on the effect of corporate reputation risk management on strategy implementation. The review of existing literature was guided by three research questions. It entails a detailed explanation of the extent to which public relations management, corporate social responsibility and conflict management affect strategy implementation. The next chapter will cover research design and methodology followed by results and findings in chapter four.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes methods of research that was applied to objectively establish the effect of corporate reputational risk management on strategy implementation in KPMG Kenya. The section outlines the research design, data collection techniques and the procedure through which data will be analyzed

3.2 Research Design

Research design is the organization of states for collection and analysis of data in a manner whose intention is to attach the contribution of the research with the economy (Chandran, 2004). Bryman (2001) opines that there are three types of study designs namely; causal, exploratory and descriptive/diagnostic. He explains that the main focus of exploratory studies is to aid the discovery of new ideas to the researcher. The study adopted a descriptive research design. Descriptive research design allows the study answer the what, where and how of a phenomenon. It also allows the intense investigation of problem solving situations in which problems are relevant to the research problem.

The design describes well the relationship between two or more variables. This design is appropriate as it is critical in investigating the presence or absence of relationship between variables (Cooper & Schindler, 2008). It helped in exploring the relationship between strategy implementation and public relations, corporate social responsibility and conflict management. The dependent variable in this study was strategy implementation while the independent variables were public relations, corporate social responsibility and conflict management.

3.3 Population and Sampling Design

3.3.1 Population

According to Kothari (2004), target population refers to all the members of a hypothetical or real set of people, subjects or events to which the researcher wants to generalize the results of the study. The study’s population was all the 600 employees working at the KPMG Headquarters located in Nairobi’s Westlands, ABC place. The distribution of the
population is as follows; 200 Audit, 200 Advisory, 130 Tax and 70 Business Support Services where the employees interact and play different roles related to their functional areas (KPMG, 2018).

### Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Section</th>
<th>No. of Employees</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>200</td>
<td>33.33</td>
</tr>
<tr>
<td>Advisory</td>
<td>200</td>
<td>33.33</td>
</tr>
<tr>
<td>Tax</td>
<td>130</td>
<td>21.67</td>
</tr>
<tr>
<td>Business Support</td>
<td>70</td>
<td>11.67</td>
</tr>
<tr>
<td>Total</td>
<td>600</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: KPMG (2018)

### 3.3.2 Sampling Design

#### 3.3.2.1 Sampling Frame

Cooper and Schindler (2008) define sampling frame as the device or source material from which a sample is drawn. It describes all the elements within the population to be sampled. In this study the sampling frame comprised all KPMG’s Nairobi office employees.

#### 3.3.2.2 Sampling Technique

Stratified random sampling was employed in this study. Cooper and Schindler (2008) state that stratified sampling provides statistical efficiency increase on a sample, gives adequate data for analysis of the various sub-population and enables different research approaches to be used in different strata. This technique allows the researcher to divide the sample into suitable strata that are mutually exclusive. The employees were divided according to their functional areas; audit, advisory, tax and business support services. A sample was drawn from 20% of each functional category.
3.3.2.3 Sample Size

This is a subset of sampling units which do not constitute the entire set of sampling units identified from the population (Garson, 2012). Mugenda and Mugenda (2003) argue that a representative sample size of 10% of the entire population is sufficient to draw conclusions about the study population. The study employed 20% of 600 employees which translates into 120 employees that were drawn to form the sample size.

Table 3.2: Sample Size

<table>
<thead>
<tr>
<th>Section</th>
<th>No. of Employees</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>200</td>
<td>40</td>
</tr>
<tr>
<td>Tax</td>
<td>200</td>
<td>40</td>
</tr>
<tr>
<td>Advisory</td>
<td>130</td>
<td>26</td>
</tr>
<tr>
<td>Business Support Services</td>
<td>70</td>
<td>14</td>
</tr>
<tr>
<td>TOTAL</td>
<td>600</td>
<td>120</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

The choice of research instruments depends on the type of data to be collected. A questionnaire was used for collecting primary data from the respondents. The primary data was significant in expressing the actual scenario of the relationship between the dependent and independent variables. The use of questionnaire is justified because it provides a cheap, effective and efficient way of gathering information within a very short period of time. The questions were designed to be both open and close ended. The questionnaires were distributed to all employees selected in the sample. The questions were divided into two sections; the first section comprised the demographic information of the respondents while the last section addressed the research questions of the study. The closed ended questions were in the form of a five point Likert scale. The scale gave the respondents an option to express their opinions on a scale of 1 to 5.

3.5 Research Procedure

The questionnaire was pretested to ascertain the suitability of the tool before the actual administration. According to Cooper and Schindler (2008), pretesting enhances the reliability of the data collected for the research. The questionnaire was given to 8 respondents selected randomly during pretesting. The time frame for completing the questionnaire was estimated to take fifteen
minutes. A letter of introduction was attached to the questionnaire explaining the purpose of the study. The researcher acquired the services of an assistant to administer the questionnaire. The respondents were assured of confidentiality and anonymity to ensure a high rate of response.

3.6 Data Analysis Methods

The primary data collected by use of a questionnaire was coded and entered into Statistical Package for Social Science (SPSS). Where the respondents were found to have offered answers which are not clear or incomplete, call-backs were made to those individual respondents to fill the gaps before data analysis. This ensured completeness of the information collected. Descriptive statistics in form of frequencies and percentages were used to analyze the descriptive elements of the study. Correlations and regression analysis were calculated to draw inferences to the entire population. The findings of the study were presented in form of tables and figures for ease of interpretation and understanding.

3.7 Chapter Summary

This chapter has focused on the research design, sampling design, population, data collection methods, research procedure and data analysis that were used in the study. The researcher outlined the approach used and the reasons for choosing the designs used in the study. Chapter four presents the results and the findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presented the findings from the study as well as their analysis and interpretations. The chapter has the results on demographics features of the respondents such as gender, age, education level, and work experience. The chapter further presents the findings to determine the influence of reputation risk management on strategy implementation in KPMG Kenya.

4.2 Response Rate and Background of Respondents

4.2.1 Response Rate

In this study, the researcher distributed 120 questionnaires out of which all 107 were filled and returned. This represents a response rate of 89.2% as shown in Table 4.1. The response rate fell within the acceptable levels.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Response</th>
<th>Total</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled and collected</td>
<td>107</td>
<td>89.2%</td>
</tr>
<tr>
<td>Non Responded</td>
<td>13</td>
<td>10.8%</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2.2 Demographic Information

This section of the analysis show the findings on the various demographic aspects of the respondents who took part in this research study.

4.2.1.1 Gender

Male respondents were the majority with 60 respondents accounting for 56.1% of the population; female respondents were 47 and this was 43.9% of the total as shown in Table 4.2.
Table 4.2: Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>60</td>
<td>56.1</td>
</tr>
<tr>
<td>Female</td>
<td>47</td>
<td>43.9</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.1.2 Age

The findings revealed that most of the respondents were 25-35 years old and this represented 43.9% of the total respondents. Those between 36-45 years represented 21.5%, those between 18-24 years were 13.1%, and between 46-55 years were 13.1% while those above 60 years were 8.4% as shown in Table 4.3

Table 4.3: Age of Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>14</td>
<td>13.1</td>
</tr>
<tr>
<td>25-35</td>
<td>47</td>
<td>43.9</td>
</tr>
<tr>
<td>36-45</td>
<td>23</td>
<td>21.5</td>
</tr>
<tr>
<td>46-55</td>
<td>14</td>
<td>13.1</td>
</tr>
<tr>
<td>above 60</td>
<td>9</td>
<td>8.4</td>
</tr>
</tbody>
</table>

4.2.1.3 Education

From the finding respondents with undergraduate qualifications were 56.1%, those with masters were 31.8% while those with other qualifications were 12.1 as shown in Table 4.4

Table 4.4: Education Level of Respondents

<table>
<thead>
<tr>
<th>Highest level of education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>60</td>
<td>56.1</td>
</tr>
<tr>
<td>Graduate</td>
<td>34</td>
<td>31.8</td>
</tr>
<tr>
<td>Others</td>
<td>13</td>
<td>12.1</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100</td>
</tr>
</tbody>
</table>
4.2.1.4 Years of Employment

From the finding, those employed 2-4 years were 40.2%, 5-7 years, 28.0%, less than one year 12.1%, 8-10 years were 11.2% while those above 10 years were 8.4% as shown in Table 4.5.

Table 4.5: Years of Employment

<table>
<thead>
<tr>
<th>Experience</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1 years</td>
<td>13</td>
<td>12.1</td>
</tr>
<tr>
<td>2-4 years</td>
<td>43</td>
<td>40.2</td>
</tr>
<tr>
<td>5-7 years</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td>8-10 years</td>
<td>12</td>
<td>11.2</td>
</tr>
<tr>
<td>above 10 years</td>
<td>9</td>
<td>8.4</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3 Effects of Public Relations Management on Strategy Implementation

The first research question was to determine the extent at which public relations management affect strategy implementation in KPMG Kenya. The respondents were asked to fill statements in a questionnaire rated a five likert scale of 1-Strongly Disagree, 2-Dissagree, 3-Uncertain, 4-Agree, 5- Strongly Agree.

4.3.1 Descriptive of Public Relations Management

Descriptive results are presented in form of means and standard deviations.

Table 4.6: Effect of Public Relations Management on Strategy Implementation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building relationships with the firm’s stakeholders is critical at KPMG</td>
<td>3.66</td>
<td>0.764</td>
</tr>
<tr>
<td>KPMG builds and maintains a quality relationship with its customers</td>
<td>3.69</td>
<td>0.679</td>
</tr>
<tr>
<td>KPMG takes measures to build a positive corporate reputation in the long term</td>
<td>3.65</td>
<td>0.838</td>
</tr>
<tr>
<td>There is joint problem solving between KPMG and other parties</td>
<td>3.78</td>
<td>0.769</td>
</tr>
<tr>
<td>There is regular exchange of information between KPMG and its stakeholders</td>
<td>3.75</td>
<td>0.702</td>
</tr>
<tr>
<td>Over time, KPMG has cultivated trust in dealings with stakeholders</td>
<td>3.66</td>
<td>0.739</td>
</tr>
</tbody>
</table>

The results of the study indicated that building relationships with the firm’s stakeholders is critical at KPMG had a mean of 3.66 with a standard deviation of 0.764. That KPMG builds and maintains a quality relationship with its customers, had a mean of 3.69 with a standard deviation of 0.679. That KPMG takes measures to build a positive corporate reputation in the long term had a mean
of 3.65 with a standard deviation of 0.838. Further that there is joint problem solving between KPMG and other parties had a mean of 3.78 with a standard deviation of 0.769. It was also established that there is regular exchange of information between KPMG and its stakeholders had a mean of 3.75 with a standard deviation of 0.702. That over time, KPMG has cultivated trust in dealings with stakeholders, the mean was 3.66 while the standard deviation of 0.739. The average mean of the responses was more than three point five which means that majority of the respondents were agreeing to the statements in the questionnaire. The standard deviation was one (rounded to a whole number) meaning that the responses were clustered around the mean response.

4.3.2 Test for Normality

Normality was tested using the Kolmogorov-Smirnov test using the IBM SPSS software. The K-S test values and the results indicates that the null-hypothesis of a normal distribution should not be rejected given that the Kolmogorov-Smirnov p-value is greater than 0.05. This means that the probability is greater than 0.05, and that the data is considered to be normally distributed. Results are presented in Table 4.7.

Table 4.7: Kolmogorov-Smirnov Test

<table>
<thead>
<tr>
<th></th>
<th>Kolmogorov-Smirnov(a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
</tr>
<tr>
<td>Building relationships with the firm’s stakeholders is critical at KPMG</td>
<td>.115</td>
</tr>
<tr>
<td>KPMG builds and maintains a quality relationship with its customers</td>
<td>.102</td>
</tr>
<tr>
<td>KPMG takes measures to build a positive corporate reputation in the long term</td>
<td>.098</td>
</tr>
<tr>
<td>There is joint problem solving between KPMG and other parties</td>
<td>.079</td>
</tr>
<tr>
<td>There is regular exchange of information between KPMG and its stakeholders</td>
<td>.127</td>
</tr>
<tr>
<td>Over time, KPMG has cultivated trust in dealings with stakeholders</td>
<td>.111</td>
</tr>
</tbody>
</table>

The results indicated that building relationships with the firm’s stakeholders is critical at KPMG had a p value of .061 which is greater than the critical value of 0.5. KPMG builds and maintains a quality relationship with its customers had a p value of .058, that KPMG takes measures to build a positive corporate reputation in the long term had a p value of .074, that there is joint problem solving between KPMG and other parties had a p value of .098. Further, that there is regular
exchange of information between KPMG and its stakeholders had a p value of .063 while that KPMG over time, has cultivated trust in dealings with stakeholders had a p value of .082. All the indicators of public relations management had a significance level of more than 0.05 hence the data was normally distributed.

4.3.3 Tests of Linearity

Scatterplot were used to test for linearity and to visually show whether there was a linear or curvilinear relationship between two continuous variables before carrying out regression analysis. Regression models can only accurately estimate the relationship between dependent and independent variables if the relationship is linear (Osborne & Waters, 2002). The scatter plot of the relationship between public relations management on strategy implementation is shown below in Figure 4.1. Linearity results indicate that multiple regressions could be conducted to establish the relationship between public relations management and strategy implementation.

![Figure 4.1: Scatter Plots for the Relationship between Public Relations Management and Strategy Implementation](image-url)
4.3.4 Test for Multicollinearity

Tests for multicollinearity were carried out because in severe cases of perfect correlations between predictor variables, Multicollinearity can imply that a unique least squares solution to a regression analysis cannot be computed Field, (2009). Multicollinearity inflates the standard errors and confidence intervals leading to unstable estimates of the coefficients for individual predictors. Multicollinearity was assessed in this study using the Variance Inflation Factor. The rule of thumb is that, the VIF should be less than 10 for non-collinearity. The results of the tests of multicollinearity are presented in Table 4.8.

Table 4.8: Table Multicollinearity Test

<table>
<thead>
<tr>
<th>Indicator</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building relationships with the firm’s stakeholders is critical at KPMG</td>
<td>1.487</td>
</tr>
<tr>
<td>KPMG builds and maintains a quality relationship with its customers</td>
<td>1.383</td>
</tr>
<tr>
<td>KPMG takes measures to build a positive corporate reputation in the long</td>
<td>1.213</td>
</tr>
<tr>
<td>term</td>
<td></td>
</tr>
<tr>
<td>There is joint problem solving between KPMG and other parties</td>
<td>1.679</td>
</tr>
<tr>
<td>There is regular exchange of information between KPMG and its stakeholders</td>
<td>1.365</td>
</tr>
<tr>
<td>Over time, KPMG has cultivated trust in dealings with stakeholders</td>
<td>1.464</td>
</tr>
</tbody>
</table>

Collinearity statistics (Table 4.8) indicated a Variance Inflation Factor (VIF) < 10 for all the indicators thus an indication that the indicators were not highly correlated, hence no existence of Multicollinearity. This is an indication of the suitability of the indicators to conduct multiple regression.

4.3.5 Regression between Public Relations Management and Strategy Implementation

A regression analysis was done between public relations management and strategy implementation is as shown in Table 4.9. The results presented are model summary results.

Table 4.9: Model Summary Results for Public Relations Management and Strategy Implementation

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.873a</td>
<td>.762</td>
<td>.747</td>
<td>.26941</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant),

The results in Table 4.9 indicated that the R square value was 0.762 and a p-value of (0.000) was significant. This means that 74.7% of the variation in strategy implementation was caused by the
variation in public relations management. Table 4.10 provides the results on the analysis of the variance (ANOVA).

**Table 4.10: ANOVA of Public Relations Management and Strategy Implementation**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>23.199</td>
<td>6</td>
<td>3.866</td>
<td>53.271</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>7.258</td>
<td>100</td>
<td>.073</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>30.457</td>
<td>106</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation  
b. Predictors: (Constant)

An ANOVA analysis was done between effects of public relations management on strategy implementation at 95% confidence level, the F critical was 53.271 and the P value was (0.000) therefore significant as shown in Table 4.10.

**4.3.6 Coefficient of Public Relations Management and Strategy Implementation**

Multiple regression was done between strategy implementation (dependent variable) against other factors of public relations management. The results of the regression coefficients, t-statistics, standard errors of the estimates and p values are shown in Table 4.11. When strategy implementation was predicted on public relations management (Constant p value=.053), building relationships with the firm’s stakeholders is critical at KPMG (Beta=.146, p-value=.001), KPMG builds and maintains a quality relationship with its customers (Beta=.122, p-value=.010), KPMG takes measures to build a positive corporate reputation in the long term (Beta=.169, p-value=.000), there is joint problem solving between KPMG and other parties (Beta=.140, p-value=.003), there is regular exchange of information between KPMG and its stakeholders (Beta=.290, p-value=.000) while over time, KPMG has cultivated trust in dealings with stakeholders had (Beta=.121, p-value= 0.007).
Table 4.11: Coefficient of Public Relations Management and Strategy Implementation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.053</td>
<td>.207</td>
<td>.258</td>
</tr>
<tr>
<td></td>
<td>Building relationships with the firm’s stakeholders is critical at KPMG</td>
<td>.146</td>
<td>.044</td>
<td>.197</td>
</tr>
<tr>
<td></td>
<td>KPMG builds and maintains a quality relationship with its customers</td>
<td>.122</td>
<td>.046</td>
<td>.150</td>
</tr>
<tr>
<td></td>
<td>KPMG takes measures to build a positive corporate reputation in the long term</td>
<td>.169</td>
<td>.036</td>
<td>.249</td>
</tr>
<tr>
<td></td>
<td>There is joint problem solving between KPMG and other parties</td>
<td>.140</td>
<td>.047</td>
<td>.191</td>
</tr>
<tr>
<td></td>
<td>There is regular exchange of information between KPMG and its stakeholders</td>
<td>.290</td>
<td>.047</td>
<td>.349</td>
</tr>
<tr>
<td></td>
<td>Over time, KPMG has cultivated trust in dealings with stakeholders</td>
<td>.121</td>
<td>.044</td>
<td>.161</td>
</tr>
</tbody>
</table>

From the analysis above the implementation of a strategy becomes successful when the tenets of public relations management are observed. The tenets include building relationships with the firm’s stakeholders is critical at KPMG, building and maintaining quality relationship with its customers, KPMG takes measures to build a positive corporate reputation in the long term, joint problem solving between KPMG and other parties, regular exchange of information between KPMG and its stakeholders and cultivating trust in dealings with stakeholders. From an open ended question, KPMG employs public relations management in relating with the local government authorities including the national government and the Nairobi City County.
4.4 Effects of Corporate Social Responsibility on Strategy Implementation

The second research question was to determine the extent at which corporate social responsibility initiatives affect strategy implementation in KPMG Kenya. The respondents were asked to fill statements in a questionnaire rated a five likert scale of 1-Strongly Disagree, 2-Dissagree, 3-Uncertain, 4-Agree, 5-Strongly Agree.

4.4.1 Descriptive of Corporate Social Responsibility

Descriptive results are presented in form of means and standard deviations.

Table 4.12: Effects of Corporate Social Responsibility on Strategy Implementation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG balances the need to adding shareholders value and good corporate citizenship.</td>
<td>3.56</td>
<td>0.881</td>
</tr>
<tr>
<td>CSR at KPMG leads to good relations with the key stakeholders especially the customers.</td>
<td>3.63</td>
<td>0.841</td>
</tr>
<tr>
<td>KPMG CSR strategy attracts customers through social events</td>
<td>3.62</td>
<td>0.978</td>
</tr>
<tr>
<td>CSR at KPMG serves to establish a good corporation reputation.</td>
<td>3.69</td>
<td>0.926</td>
</tr>
<tr>
<td>CSR strategy at KPMG builds a sense of community and teamwork</td>
<td>3.70</td>
<td>0.903</td>
</tr>
<tr>
<td>Corporate social responsibility activities at KPMG have improved the company relationship with regulatory authorities</td>
<td>3.59</td>
<td>0.911</td>
</tr>
<tr>
<td>Corporate social responsibility activities at KPMG have improved the living standards of the neighboring communities</td>
<td>3.53</td>
<td>.890</td>
</tr>
</tbody>
</table>

That KPMG balances the need to adding shareholders value and good corporate citizenship had a mean of 3.56 with a standard deviation of 0.881. That CSR at KPMG leads to good relations with the key stakeholders especially the customers, had a mean of 3.63 with a standard deviation of 0.841. That KPMG CSR strategy attracts customers through social events had a mean of 3.62 with a standard deviation of 0.978. Further that CSR at KPMG serves to establish a good corporation reputation had a mean of 3.69 with a standard deviation of 0.926. It was also established that the statement that CSR strategy at KPMG builds a sense of community and teamwork had a mean of 3.70 with a standard deviation of 0.903.

Regarding the statement that corporate social responsibility activities at KPMG has improved the company relationship with regulatory authorities, the mean was 3.59 while the standard deviation of 0.911. Finally, the statement that corporate social responsibility activities at KPMG have
improved the living standards of the neighboring communities had a mean of 3.53 with a standard deviation of 0.890. The average mean of the responses was more than three point five which means that majority of the respondents were agreeing to the statements in the questionnaire. The standard deviation was one (rounded to a whole number) meaning that the responses were clustered around the mean response.

4.4.2 Test for Normality

Normality was tested using the Kolmogorov-Smirnov test using the IBM SPSS software. The K-S test values and the results indicates that the null-hypothesis of a normal distribution should not be rejected given that the Kolmogorov-Smirnov p-value is greater than 0.05. This means that the probability is greater than 0.05, and that the data is considered to be normally distributed. Results are presented in Table 4.13.

Table 4.13: Kolmogorov-Smirnov Test

<table>
<thead>
<tr>
<th>Description</th>
<th>Statistic</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG balances the need to adding shareholders value and good corporate citizenship.</td>
<td>.136</td>
<td>107</td>
<td>.062</td>
</tr>
<tr>
<td>CSR at KPMG leads to good relations with the key stakeholders especially the customers.</td>
<td>.117</td>
<td>107</td>
<td>.081</td>
</tr>
<tr>
<td>KPMG CSR strategy attracts customers through social events</td>
<td>.143</td>
<td>107</td>
<td>.054</td>
</tr>
<tr>
<td>CSR at KPMG serves to establish a good corporation reputation.</td>
<td>.109</td>
<td>107</td>
<td>.093</td>
</tr>
<tr>
<td>CSR strategy at KPMG builds a sense of community and teamwork</td>
<td>.121</td>
<td>107</td>
<td>.067</td>
</tr>
<tr>
<td>Corporate social responsibility activities at KPMG</td>
<td>.175</td>
<td>107</td>
<td>.058</td>
</tr>
<tr>
<td>KPMG has improved the company relationship with regulatory authorities</td>
<td>.155</td>
<td>107</td>
<td>.076</td>
</tr>
</tbody>
</table>

That KPMG balances the need to adding shareholders value and good corporate citizenship had a p value of .062, CSR at KPMG leads to good relations with the key stakeholders especially the customers had a p value of .081, that KPMG CSR strategy attracts customers through social events had a p value of .054, that CSR at KPMG serves to establish a good corporation reputation had a p value of .093, that CSR strategy at KPMG builds a sense of community and teamwork had a p value of .067.
value of .058. Further, Kolmogorov-Smirnov test for normality found that corporate social responsibility activities at KPMG has improved the company relationship with regulatory authorities had a p value of .058 while corporate social responsibility activities at KPMG have improved the living standards of the neighboring communities had a p value of .076. All the indicators of corporate social responsibility had a significance level of more than 0.05 hence the data was normally distributed.

4.4.3 Tests of Linearity

Scatterplot were used to test for linearity and to visually show whether there was a linear or curvilinear relationship between two continuous variables before carrying out regression analysis. Regression models can only accurately estimate the relationship between dependent and independent variables if the relationship is linear (Osborne & Waters, 2002). The scatter plot of the relationship between corporate social responsibilities on strategy implementation is shown below in Figure 4.2. Linearity results indicate that multiple regressions could be conducted to establish the relationship between corporate social responsibility and strategy implementation.

![Figure 4.2: Scatter Plots for the Relationship between Corporate Social Responsibility and Strategy Implementation](image)

Figure 4.2: Scatter Plots for the Relationship between Corporate Social Responsibility and Strategy Implementation
4.4.5 Test for Multicollinearity

Tests for multicollinearity were carried out because in severe cases of perfect correlations between predictor variables, Multicollinearity can imply that a unique least squares solution to a regression analysis cannot be computed Field, (2009). Multicollinearity inflates the standard errors and confidence intervals leading to unstable estimates of the coefficients for individual predictors. Multicollinearity was assessed in this study using the Variance Inflation Factor. The rule of thumb is that, the VIF should be less than 10 for non-collinearity. The results of the tests of multicollinearity are presented in Table 4.14.

**Table 4.14: Table Multicollinearity Test**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG balances the need to adding shareholders value and good corporate citizenship.</td>
<td>1.282</td>
</tr>
<tr>
<td>CSR at KPMG leads to good relations with the key stakeholders especially the customers.</td>
<td>1.3</td>
</tr>
<tr>
<td>KPMG CSR strategy attracts customers through social events</td>
<td>1.26</td>
</tr>
<tr>
<td>CSR at KPMG serves to establish a good corporation reputation.</td>
<td>1.342</td>
</tr>
<tr>
<td>CSR strategy at KPMG builds a sense of community and teamwork</td>
<td>1.146</td>
</tr>
<tr>
<td>Corporate social responsibility activities at KPMG has improved the company relationship with regulatory authorities</td>
<td>1.123</td>
</tr>
<tr>
<td>Corporate social responsibility activities at KPMG have improved the living standards of the neighboring communities</td>
<td>1.102</td>
</tr>
</tbody>
</table>

Collinearity statistics (Table 4.14) indicated a Variance Inflation Factor (VIF) < 10 for all the indicators thus an indication that the indicators were not highly correlated, hence no existence of Multicollinearity. This is an indication of the suitability of the indicators to conduct multiple regression.

4.4.6 Regression between Corporate Social Responsibility and Strategy Implementation

A regression analysis was done between corporate social responsibility and strategy implementation is as shown in Table 4.15. The results presented are model summary results.

**Table 4.15: Regression of corporate social responsibility and strategy implementation**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.726a</td>
<td>.527</td>
<td>.494</td>
<td>.38130</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant)
The model summary results in Table 4.15 indicated the R square value was 0.527 and a p-value of (0.000) was significant. This means that 52.7% of the variation in strategy implementation was caused by the variation in corporate social responsibility. Table 4.16 provides the results on the analysis of the variance (ANOVA).

Table 4.16: ANOVA of Corporate Social Responsibility and Strategy

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>16.063</td>
<td>7</td>
<td>2.295</td>
<td>15.783</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>14.394</td>
<td>99</td>
<td>.145</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>30.457</td>
<td>106</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b. Predictors: (Constant)

An ANOVA analysis was done between effects of corporate social responsibility on strategy implementation at 95% confidence level, the F critical was 15.783 and the P value was (0.000) therefore significant as shown in Table 4.16.

4.4.7 Coefficient of Corporate Social Responsibility and Strategy Implementation

A Linear regression was done between strategy implementation (dependent variable) against other tenets of corporate social responsibility. The results of the regression coefficients, t-statistics, standard errors of the estimates and p values are shown in Table 4.17. When strategy implementation was predicted on corporate social responsibility (Constant p value=1.133), KPMG balances the need to adding shareholders value and good corporate citizenship (Beta=.175, p-value=.003), CSR at KPMG leads to good relations with the key stakeholders especially the customers (Beta=.147, p-value=.0005), KPMG CSR strategy attracts customers through social events (Beta= .106, p-value=.019), CSR at KPMG serves to establish a good corporation reputation (Beta= .181, p-value=.000), CSR strategy at KPMG builds a sense of community and teamwork (Beta=.198, p-value=.000), corporate social responsibility activities at KPMG has improved the company relationship with regulatory authorities (Beta=.115, p-value=.023) while corporate social responsibility activities at KPMG have improved the living standards of the neighboring communities (Beta=.014, p-value= 0.668).
## Table 4.17: Coefficient of Corporate Social Responsibility and Strategy Implementation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.133</td>
<td>.285</td>
<td>3.983</td>
<td>.000</td>
</tr>
<tr>
<td>KPMG balances the need to adding shareholders value and good corporate citizenship.</td>
<td>.175</td>
<td>.050</td>
<td>.118</td>
<td>3.500</td>
</tr>
<tr>
<td>CSR at KPMG leads to good relations with the key stakeholders especially the customers.</td>
<td>.147</td>
<td>.051</td>
<td>.226</td>
<td>2.864</td>
</tr>
<tr>
<td>KPMG CSR strategy attracts customers through social events</td>
<td>.106</td>
<td>.044</td>
<td>.186</td>
<td>2.394</td>
</tr>
<tr>
<td>CSR at KPMG serves to establish a good corporation reputation.</td>
<td>.181</td>
<td>.048</td>
<td>.299</td>
<td>3.737</td>
</tr>
<tr>
<td>CSR strategy at KPMG builds a sense of community and teamwork</td>
<td>.198</td>
<td>.046</td>
<td>.318</td>
<td>4.293</td>
</tr>
<tr>
<td>Corporate social responsibility activities at KPMG has improved the company relationship with regulatory authorities</td>
<td>.115</td>
<td>.043</td>
<td>.026</td>
<td>2.67</td>
</tr>
<tr>
<td>Corporate social responsibility activities at KPMG have improved the living standards of the neighboring communities</td>
<td>.014</td>
<td>.033</td>
<td>.031</td>
<td>.430</td>
</tr>
</tbody>
</table>

From the analysis above the implementation of a strategy becomes successful when the tenets of corporate social responsibility are observed. The tenets include balancing the need to adding shareholders value and good corporate citizenship cultivating good relations with the key stakeholders especially the customers, CSR strategy attracts customers through social events, establishing a good corporation reputation, building, a sense of community and teamwork and improving the company relationship with regulatory authorities. In an open ended question, regarding some of the activities that KPMG should be involved in as part of its corporate social responsibility, the respondents indicated educational support through sponsorship and support of needy students.
4.5 Effects of Conflict Management on Strategy Implementation

The third research question was to determine the extent at which conflict management influence strategy implementation in KPMG Kenya. The respondents were asked to fill statements in a questionnaire rated a five likert scale of 1-Strongly Disagree, 2-Dissagree, 3-Uncertain, 4-Agree, 5- Strongly Agree.

4.5.1 Descriptive of Conflict Management

Descriptive results are presented in form of means and standard deviations.

Table 4.18: Effects of Conflict Management on Strategy Implementation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG has an effective negotiation strategy in place to manage conflicts</td>
<td>3.68</td>
<td>0.653</td>
</tr>
<tr>
<td>Disagreements in KPMG require intervention through negotiation</td>
<td>3.59</td>
<td>0.911</td>
</tr>
<tr>
<td>Employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made</td>
<td>3.75</td>
<td>0.741</td>
</tr>
<tr>
<td>KPMG has an effective third party intervention strategy to manage conflicts</td>
<td>3.79</td>
<td>0.740</td>
</tr>
<tr>
<td>Third party intervention is used to solve conflicts arising from unclear organization of work and delegation in KPMG</td>
<td>3.84</td>
<td>0.702</td>
</tr>
<tr>
<td>Mediation is used as a conflict management strategy in KPMG</td>
<td>3.53</td>
<td>0.872</td>
</tr>
</tbody>
</table>

That KPMG has an effective negotiation strategy in place to manage conflicts had a mean of 3.68 with a standard deviation of 0.653. That disagreements in KPMG require intervention through negotiation, had a mean of 3.59 with a standard deviation of 0.911. That employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made had a mean of 3.75 with a standard deviation of 0.741. Further that KPMG has an effective third party intervention strategy to manage conflicts had a mean of 3.79 with a standard deviation of 0.740. It was also established that third party intervention is used to solve conflicts arising from unclear organization of work and delegation in KPMG had a mean of 3.84 with a standard deviation of 0.702. Finally, that mediation is used as a conflict management strategy in KPMG had a mean of 3.53 with a standard deviation of 0.872.

The average mean of the responses was more than three point five which means that majority of the respondents were agreeing to the statements in the questionnaire. The standard deviation was
one (rounded to a whole number) meaning that the responses were clustered around the mean response.

### 4.5.2 Test for Normality

Normality was tested using the Kolmogorov-Smirnov test using the IBM SPSS software. The K-S test values and the results indicates that the null-hypothesis of a normal distribution should not be rejected given that the Kolmogorov-Smirnov p-value is greater than 0.05. This means that the probability is greater than 0.05, and that the data is considered to be normally distributed. Results are presented in Table 4.19.

#### Table 4.19: Kolmogorov-Smirnov Test

<table>
<thead>
<tr>
<th></th>
<th>Kolmogorov-Smirnov&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
</tr>
<tr>
<td>KPMG has an effective negotiation strategy in place to manage conflicts</td>
<td>.084</td>
</tr>
<tr>
<td>Disagreements in KPMG require intervention through negotiation</td>
<td>.151</td>
</tr>
<tr>
<td>Employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made</td>
<td>.102</td>
</tr>
<tr>
<td>KPMG has an effective third party intervention strategy to manage conflicts</td>
<td>.080</td>
</tr>
<tr>
<td>Third party intervention is used to solve conflicts arising from unclear organization of work and delegation in KPMG</td>
<td>.060</td>
</tr>
<tr>
<td>Mediation is used as a conflict management strategy in KPMG</td>
<td>.103</td>
</tr>
</tbody>
</table>

On the indicator that KPMG has an effective negotiation strategy in place to manage conflicts the p value was .763, that disagreements in KPMG require intervention through negotiation had a p value of .060, that employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made had a p value of .058, KPMG has an effective third party intervention strategy to manage conflicts had a p value of .085. Further, third party intervention is used to solve conflicts arising from unclear organization of work and delegation in KPMG had a p value of .200 while that mediation is used as a conflict management strategy in KPMG had a p value of .087.
value of .087. All the indicators of conflict management had a significance level of more than 0.05 hence the data was normally distributed.

4.5.3 Tests of Linearity

Scatterplot were used to test for linearity and to visually show whether there was a linear or curvilinear relationship between two continuous variables before carrying out regression analysis. Regression models can only accurately estimate the relationship between dependent and independent variables if the relationship is linear (Osborne & Waters, 2002). The scatter plot of the relationship between conflict management and strategy implementation is shown below in Figure 4.3. Linearity results indicate that multiple regressions could be conducted to establish the relationship between conflict management and strategy implementation.

Figure 4.3: Scatter Plots for the Relationship between Conflict Management and Strategy Implementation
4.5.4 Test for Multicollinearity

Tests for multicollinearity were carried out because in severe cases of perfect correlations between predictor variables. Multicollinearity inflates the standard errors and confidence intervals leading to unstable estimates of the coefficients for individual predictors. Multicollinearity was assessed in this study using the Variance Inflation Factor. The rule of thumb is that, the VIF should be less than 10 for non-collinearity. The results of the tests of multicollinearity are presented in Table 4.20.

### Table 4.20: Multicollinearity Test

<table>
<thead>
<tr>
<th>Indicator</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>KPMG has an effective negotiation strategy in place to manage conflicts</td>
<td>2.24</td>
</tr>
<tr>
<td>Disagreements in KPMG require intervention through negotiation</td>
<td>1.512</td>
</tr>
<tr>
<td>Employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made</td>
<td>1.352</td>
</tr>
<tr>
<td>KPMG has an effective third party intervention strategy to manage conflicts</td>
<td>1.484</td>
</tr>
<tr>
<td>Third party intervention is used to solve conflicts arising from unclear organization of work and delegation in KPMG</td>
<td>1.41</td>
</tr>
<tr>
<td>Mediation is used as a conflict management strategy in KPMG</td>
<td>1.566</td>
</tr>
</tbody>
</table>

Collinearity statistics (Table 4.20) indicated a Variance Inflation Factor (VIF) < 10 for all the indicators thus an indication that the indicators were not highly correlated, hence no existence of Multicollinearity. This is an indication of the suitability of the indicators to conduct multiple regression.

4.5.5 Regression between Conflict Management and Strategy Implementation

A regression analysis was done between conflict management and strategy implementation is as shown in Table 4.21. The results presented are model summary results.

### Table 4.21: Regression of Conflict Management and Strategy Implementation

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.899&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.807</td>
<td>.796</td>
<td>.24225</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant)

The Model summary results indicated that the R square value was 0.807 and a p-value of (0.000) was significant. This means that 80.7% of the variation in strategy implementation was caused by the variation in conflict management. Table 4.22 provides the results on the analysis of the variance (ANOVA).
Table 4.22: ANOVA of Conflict Management and Strategy Implementation

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>24.588</td>
<td>6</td>
<td>4.098</td>
<td>69.829</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>5.869</td>
<td>100</td>
<td>.059</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>30.457</td>
<td>106</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: strategy implementation  
b. Predictors: (Constant)

An ANOVA analysis was done between effects of conflict management on strategy implementation at 95% confidence level, the F critical was 69.829 and the P value was (0.000) therefore significant as shown in Table 4.22.

4.5.6 Coefficient of Conflict Management and Strategy Implementation

A Multiple regression was done between strategy implementation (dependent variable) against other tenets of conflict management. The results of the regression coefficients, t-statistics, standard errors of the estimates and p values are shown in Table 4.23. When strategy implementation was predicted on conflict management (Constant p value=-.066), KPMG has an effective negotiation strategy in place to manage conflicts (Beta=.115, p-value=.025), disagreements in KPMG require intervention through negotiation (Beta= .130, p-value=.004), employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made (Beta= .274, p-value=.020), KPMG has an effective third party intervention strategy to manage conflicts (Beta= .176, p-value=.000), third party intervention is used to solve conflicts arising from unclear organization of work and delegation in KPMG (Beta=.254, p-value=.017) while mediation is used as a conflict management strategy in KPMG (Beta=.093, p-value= 0.009).
Table 4.23: Coefficient of Conflict Management and Strategy Implementation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Standardized Coefficients</td>
<td>Beta</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-.066</td>
<td>.189</td>
<td>-3.49</td>
<td>.728</td>
</tr>
<tr>
<td>KPMG has an effective negotiation strategy in place to manage conflicts</td>
<td>.115</td>
<td>.042</td>
<td>.102</td>
<td>2.378 .025</td>
</tr>
<tr>
<td>Disagreements in KPMG require intervention through negotiation</td>
<td>.130</td>
<td>.034</td>
<td>.205</td>
<td>3.806 .004</td>
</tr>
<tr>
<td>Employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made</td>
<td>.274</td>
<td>.040</td>
<td>.347</td>
<td>6.799 .020</td>
</tr>
<tr>
<td>1</td>
<td>KPMG has an effective third party intervention strategy to manage conflicts</td>
<td>.176</td>
<td>.041</td>
<td>.229</td>
</tr>
<tr>
<td>Third party intervention is used to solve conflicts arising from unclear organization of work and delegation in KPMG</td>
<td>.254</td>
<td>.044</td>
<td>.304</td>
<td>5.831 .017</td>
</tr>
<tr>
<td>Mediation is used as a conflict management strategy in KPMG</td>
<td>.093</td>
<td>.035</td>
<td>.146</td>
<td>2.651 .009</td>
</tr>
</tbody>
</table>

From the analysis above the implementation of a strategy becomes successful when the tenets of conflict management are observed. The tenets include having an effective negotiation strategy in place to manage conflicts, solving disagreements through negotiation, involving employees in decisions that affect them by negotiating with managers before decisions are made, having an effective third party intervention strategy to manage conflicts, solving conflicts arising from unclear organization of work and delegation in KPMG and using mediation is used as a conflict management strategy in KPMG. In an open ended question, regarding some of the other conflict management strategies that KPMG should apply in the process of managing conflicts, the respondents indicated arbitration and collaboration.
4.6 Chapter Summary

This chapter presented the results and findings of the study. Both descriptive and inferential statistics were conducted. Descriptive statistics consisted of mean and standard deviations. Inferential statistics consisted of correlations and multiple regressions. Before conducting multiple regressions, normality, linearity and multicollinearity tests were performed to ensure that the data were suitable for conducting regressions. The next chapter provides summary, discussion, conclusion and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter set the discussion, conclusions, and recommendations from the findings of this study. This was guided by the objectives of the study, which were: to what extent does public relations management affect strategy implementation in KPMG Kenya? To what extent do corporate social responsibility initiatives affect strategy implementation in KPMG Kenya? And to what extent does conflict management influence strategy implementation in KPMG Kenya?

5.2 Summary

The purpose of this study was to determine the influence of reputation risk management on strategy implementation in KPMG Kenya. The research was guided by the following research questions: To what extent do corporate social responsibility initiatives affect strategy implementation in KPMG Kenya? And to what extent does conflict management influence strategy implementation in KPMG Kenya?

The study adopted a descriptive research design. The target population of this study was 600 employees working at the KPMG in Nairobi. The data obtained was analyzed via statistical Package for Social Sciences (SPSS) and excel. The quantitative data obtained was examined, and the findings presented in percentages, means, standard deviations, and frequencies. A regression analysis was utilized to investigate the relationship between the dependent and independent variables. The researcher distributed 120 questionnaires 107 of them were filled and returned, and this number was sufficient.

The study established that the implementation of a strategy becomes successful when the tenets of public relations management are observed. The tenets include building relationships with the firm’s stakeholders is critical at KPMG, building and maintaining quality relationship with its customers, KPMG taking measures to build a positive corporate reputation in the long term, joint problem solving between KPMG and other parties, regular exchange of information between KPMG and its stakeholders and cultivating trust in dealings with stakeholders. From an open ended question, KPMG employs public relations management in relating with the local government authorities including the national government and the Nairobi City County. A regression analysis
was done between variables of public relations management and strategy implementation. On analysis, the R square value was 0.762 and a p-value of (0.000) was significant. This means that 76.2% of the variation in strategy implementation was caused by the variation in public relations management of KPMG.

The study found that the implementation of a strategy becomes successful when the tenets of corporate social responsibility are observed. The tenets include balancing the need to adding shareholders value and good corporate citizenship cultivating good relations with the key stakeholders especially the customers, CSR strategy attracts customers through social events, establishing a good corporation reputation, building, a sense of community and teamwork and improving the company relationship with regulatory authorities. In an open ended question, regarding some of the activities that KPMG should be involved in as part of its corporate social responsibility, the respondents indicated educational support through sponsorship and support of needy students. A regression analysis was done between variables of corporate social responsibility and strategy implementation. On analysis, the R square value was 0.527 and a p-value of (0.000) was significant. This means that 52.7% of the variation in strategy implementation was caused by the variation in corporate social responsibility of KPMG Company.

The study also established that the implementation of a strategy becomes successful when the tenets of conflict management are observed. The tenets include having an effective negotiation strategy in place to manage conflicts, solving disagreements through negotiation, involving employees in decisions that affect them by negotiating with managers before decisions are made, having an effective third party intervention strategy to manage conflicts, solving conflicts arising from unclear organization of work and delegation in KPMG and using mediation is used as a conflict management strategy in KPMG. In an open ended question, regarding some of the other conflict management strategies that KPMG should apply in the process of managing conflicts, the respondents indicated arbitration and collaboration. A regression analysis was done between variables of conflict management and strategy implementation. On analysis, the R square value was 0.807 and a p-value of (0.000) was significant. This means that 80.7% of the variation in strategy implementation was caused by the variation in conflict management by KPMG Company.
5.3 Discussion

A comprehensive discussion of all the issues related to the research objectives and findings are presented in this section.

5.3.1 Public Relations Management and Strategy Implementation

The findings from the study established that public relations management tenets facilitate the successful implementation of a strategy. Public relations play many responsibilities in building the image and reputation of an organization. Public relations management facilitates the creation and maintenance of excellent relations with the organization’s internal and external stakeholders, such as persons and private, governmental and societal entities. Public relations can have a strong impact on public awareness regarding organizational strategies under implementation. According to Sull, Hokes and Sull (2015), it provides the opportunity for the organization to successfully monitor, interact, and react with other key groups within the organizational environment. Consequently, organizational corporate reputation is determined by its effectiveness in formulating and executing public relations policies. Jin and Robey (2011), noted that public relations is enabled by information technology tools. They investigated public institutions that used electronic tools in public relations. Evidence showed an increasing role being played by online intermediaries which include supplying inter-organizational information, building providing trust and aggregating information. They insisted that there are numerous benefits of enlisting many providers using intermediaries. Their approach of analysis is theoretical and economics based.

Thus policy implementation is perceived as a key determinant to organizational reputation. The study established that building relationships with the firm’s stakeholders is critical in strategy implementation. It was also established that maintaining a quality relationship with customers may facilitate successful strategy implementation in the organization. Often, building relationships with the firm’s stakeholders is critical for implementing a firm’s strategy. Perhaps the most important stakeholders are the customers. Indeed, the firm must provide superior value to the customers relative to other competitors to achieve a competitive advantage. To do so, the firm must build and maintain a quality relationship with its customers which as noted earlier require more than a passive role. The firm must also build and maintain good relationships with other stakeholders such as suppliers because they are a source of external resources often needed to develop the
capabilities to implement the strategy effectively. Thus, firms must build relational capital to facilitate strategy implementation (Hitt, Bierman, Uhlenbruck, & Shimizu, 2006). A study by Sweeney (2010) on employee’s role in communication strategic management opines that public organizations must have qualified employees with adequate experience to handle required positions and tasks. This study finding indicated that success in public relations is determined by the employees involved in the process. The people formulating the PR strategy determine the success of the strategy. Other factors are system related. In the same manner, Harrington (2009) noted that involvement of the right people in public relations work positively impacted on the profitability of the organization.

The results established that building a positive corporate reputation directly affects strategy implementation in a firm. Capri (2010) defines public relations policies implementation as the process through which PR policies are executed using strategies, budgets and programs. This requires the introducing changes to the organization for the purpose of administration of public relations. Changes often affect roles and functions of people, reporting procedures and evaluation and control methods. Maina (2011) stated that a company's reputation affects its ability to sell products and services, to attract investors, to hire talented staff, and to exert influence in government circles. Organizational reputation reflects employee attitudes and beliefs, customer perception, vendors and business partners as well as the community at large (Dozier & Lauzen, 2000). The PR man’s job is to publicize all those attributes and traits to the public and to the target people or organization.

Many companies have gained enough positive reputation because of effective PR. It has been widely acknowledged that employee’s skill is a critical factor in effective performance of public relations especially where an organization lacks qualified manpower. Drucker (2009) argued that managerial skill required decision making skills which are necessary for prioritizing in public relations. Dandira (2011) insists that an executive committee is necessary to establish the vision and mission of the public relations. Additionally, manpower is necessary for efficient planning of communication strategies. Key skills noted include interpersonal skills, communication skills, and environmental analysis skills. Dandira (2011) proposes a top to bottom approach in communication. This is essential for employees to understand public relations performance. Managers of public institutions should therefore be encouraged to share information for the
purpose of enhancing public relations performance. Consequently, professional skills are key especially at the planning stage. Effective communication skills are important for managers to pass down to various employees. However, it is continuous learning that enables employees to obtain skills to scan the market environment.

5.3.2 Corporate Social Responsibility and Strategy Implementation

The findings of the study revealed that the implementation of a strategy becomes successful when the tenets of corporate social responsibility are implemented effectively. When making purchase decisions, consumers, particularly those in developed countries, are placing more importance on the Corporate Social Responsibility of firms. Corporate Social Responsibility perceptions affect the image of brands and firms, the propensity of consumers to buy brands and patronize retailers, and the financial performance of firms (Luo, Xueming & Bhattacharya, 2006). In part, this elevated importance of Corporate Social Responsibility (CSR) is driven by the dramatic increase in public information about CSR activities of firms. According to Wheener et al., (2008), the importance for firms to communicate their Corporate Social Responsibility not only has risen substantially over the last few years but also continues to increase dramatically as a result of current worldwide economic conditions and the resultant scepticism of how corporate practices affect the well-being of societies.

CSR can have an impact on the strategy of companies faced with the constraints imposed by new global competition and pressures from social actors. To this end, it is difficult to admit that the enterprise’s strategy to build is regardless of CSR elements that are sources of competitive advantage. CSR is a source of innovation, as it reinvents the relationship with men and women in the enterprise putting the human, stakeholders, the environment and society, at the center. It reinvents the supply of goods and services, gives meaning to brands, and creates new business models. A number of authors confirm that the integration of CSR in the business is a source of innovation (Berger-Douce, 2011). CSR aims to increase the legitimacy and improve the reputation of the enterprise. Choosing the right social responsibility strategy impacts business by reducing costs and risk, maximizing profits and competitive advantage, increasing reputation and legitimacy and creating synergistic value. Firms which cannot adequately cope with competition within the industry use CSR to gain an upper hand in the community in which they operate. Most firms consume societal resources and pollute the environment without compensating the society. CSR
practices therefore establish a symbiotic association between the firm and the community thus giving them an understanding of the relevance of being socially sensitive. The researchers’ view of what CSR implies is that it is a strategic move undertaken at organization’s corporate level to provide the society with social intervention platforms as education sponsorships, recreational activities, sporting activities and social infrastructures such as hospitals, schools, roads, water and electricity supply.

Balancing the need to adding shareholders value and good corporate citizenship cultivating good relations with the key stakeholders especially the customers positively influences strategy implementation. Stakeholder consultation helps an organization be transparent, well targeted and coherent. By effectively engaging with stakeholders consistently throughout the year, an organization can refine its CSR approach and address stakeholder suggestions and concerns as they arise. This meaningful dialogue provides the firm with a broad and diverse understanding of stakeholders’ evolving priorities, ultimately helping deliver on their promise (Philips, 2010). The managements need to have polies for the stakeholders in the community and get ways to know how they affect them. The organization needs to know what the society thinks of them. Also, the managers need to ask the stakeholders how the policies of CSR are likely to affect the organization, the relationship (Seitel, 2007).

CSR strategy attracts customers through social events, establishing a good corporation reputation, building, a sense of community and teamwork and improving the company relationship with regulatory authorities were found to positively influence successful strategy implementation. Research has also examined the impact of both positively and negatively reported CSR information and found that negative CSR information has a stronger effect than positive information (Sen, Sankar & Bhattacharya, 2006). Carrol (1979) proposes that the managers of business organisations have four responsibilities; economic, legal, ethical and discretionary. According to Archie (2001), corporations should be considered a social institution because the individuals come together to achieve some objective related to the provision of goods and services. Today, corporations exist because society implicitly sanctions them to operate in that form. Many in society believe that corporations only operate within the social view of CSR despite the continuous claims of those who argue the amoral view, with its incomplete vision of corporation operating as private institution with a solely economic purpose (Tanimoto, 2005).
Customers are more concerned with what the company is not doing as opposed to what it is doing (Gilbert & Malone, 1995). Godfrey and Hatch (2007) propose two main CSR activities which are the economic pole which is concerned with corporations and the moral philosophy pole whose primary concerned with social responsibility. This therefore implies that every company has two main motives one being the intrinsic motives which is the likely benefit for the social cause and the extrinsic motives which describe the involvement of the company in social responsibilities for self-interested reasons (Forehand & Grier, 2003).

5.3.3 Conflict Management and Strategy Implementation

The findings of the study established that the ability of an organization to successfully solve their conflicts is dictates their level of strategy implementation. Conflicts can be between employees, employees and the management, customers and the company or even the company and the government. In these situations, some kind of intervention is needed. Anything that disrupts the office, impacts on productivity or poses a threat to other employees needs addressing. Poor conflict resolution mechanisms lead to dissatisfaction, depression, hopelessness, unhappiness and other emotions. The consequences are often behaviors such as emotional and physical withdrawal, resignation from jobs, and dissolution of personal relations, violence and aggression. Any form of conflict requires intervention since it disrupts the functioning of the office and consequently productivity. The extent to which a situation may be tolerated before intervention varies among individuals. The employees often handle minor exchanges among themselves and a manager might only need to intervene when the situation expands beyond the parties initially involved and is likely to affect productivity and welfare of other employees. Immediate intervention is however required when one employee threatens another.

Regression results of the study revealed that the tenets of conflict management positively influence strategy implantation. The tenets include having an effective negotiation strategy in place to manage conflicts, solving disagreements through negotiation, involving employees in decisions that affect them by negotiating with managers before decisions are made, having an effective third party intervention strategy to manage conflicts, solving conflicts arising from unclear organization of work and delegation and using mediation is used as a conflict management strategy. Conflict is a necessary and useful part of organizational life. It is inevitable and an integral part of the process of change. Indeed, it is an aid to cooperation, not an obstacle. Conflict management is the practice
of identifying and handling conflict in a sensible, fair, and efficient manner, it requires such skills as effective communicating, problem solving, and negotiating with a focus on interests. Negotiation is the most common strategy of solving conflicts and it is successful when the interests of the opposite sides are partly common and partly different (Shalley et al., 2004). Negotiation is a process by which compromise or agreement is reached while avoiding argument and dispute (Verma, 2006).

Conflict management involves acquiring skills related to conflict resolution, establishing structures of conflict models, putting strategic measures as well as approaches in place. The models of conflict management are instruments used to assess the appropriate action required in a conflict situation (Petkovic, 2008). These include Blake and Mouton model, Thomas Kilman model and Holton model (Newell, 2008). The results are in agreement with Wanjiru (2012) who carried out a study in Kenya on negotiation and its influence on the performance of commercial banks and found that negotiation had an influence on performance in the bank. For instance, negotiation was required before arriving at a compensation package agreeable by both parties. Moderate amount of conflict would be expected in the process but this would barely hinder performance, if handled properly.

According to Petkovic (2008) there are several negotiation tactics that can be applied. These include Face–to–face tactic whereby a mutual confidence as a foundation for negotiation can be established, Persuading tactic which assumes using different methods and manners to win over partners and to reach a better negotiating position, Deceitfulness tactic which assumes presenting false data and arguments, Threat tactic based on deterrence from the side which holds a better position, or has more power. Negotiation and its influence on performance can be seen in an organizations performance appraisal process. It goes without saying that an effective performance appraisal system can lead an organization to takes strides towards organization performance and growth by leaps and bounds (Long, 2006).

Therefore, an effective performance appraisal system enables an organization to work towards attaining maximum organization performance and growth using any possible means (Long, 2006). These initiatives give top managers a comprehensive view of organizational goals which gives an organization effective performance appraisal system thus avoiding chaos rising from the bottom management. This may result into conflict if employees feel that they are appraised unfairly. It can
also result in poor performance if the employees do not clearly understand what is expected of them. It is therefore important for there to have a negotiation at the beginning of the performance contract so that an employee is well informed of what is expected (Norreklit, 2003).

5.4 Conclusion

5.4.1 Public Relations Management and Strategy Implementation

With regard to public relations management, it was established that public relations has a positive influence on strategy implementation. Public relations play many responsibilities in building the image and reputation of an organization. Building relationships with the firm’s stakeholders is critical in strategy implementation. It is thus concluded that maintaining a quality relationship with customers may facilitate successful strategy implementation in the organization. Often, building relationships with the firm’s stakeholders is critical for implementing a firm’s strategy. Perhaps the most important stakeholders are the customers. Indeed, the firm must provide superior value to the customers relative to other competitors to achieve a competitive advantage. To do so, the firm must build and maintain a quality relationship with its customers which as noted earlier require more than a passive role. The firm must also build and maintain good relationships with other stakeholders such as suppliers because they are a source of external resources often needed to develop the capabilities to implement the strategy effectively.

5.4.2 Corporate Social Responsibility and Strategy Implementation

The study concluded that corporate social responsibility plays a critical role in strategy implementation by engaging in social growth of the society. Corporate Social Responsibility perceptions affect the image of brands and firms, the propensity of consumers to buy brands and patronize retailers, and the financial performance of firms. By effectively engaging with stakeholders consistently throughout the year, an organization can refine its CSR approach and address stakeholder suggestions and concerns as they arise. Firms which are unable to cope with the intense competition within the various industries in which they operate use CSR to otherwise gain the favor of the community in which they operate. Most firms that operate in the society use their resources and sometimes damage the environment and are not able to compensate them. The practices of CSR therefore create a symbiotic relationship between the firm and the community.
within which it operates, therefore giving them the insight about the importance and the need to be socially sensitive.

5.4.3 Conflict Management and Strategy Implementation

From the findings, the study concluded that conflict management plays a very important role in smooth running of the organization. Conflict management involves acquiring skills related to conflict resolution, establishing structures of conflict models, putting strategic measures as well as approaches in place. The models of conflict management are instruments used to assess the appropriate action required in a conflict situation. Approaches to conflict management, focus on the principle that conflicts cannot necessarily be resolved but can be managed using appropriate actions such as accommodating, avoiding, collaborating, compromise and confrontation strategies to conflict management are a futuristic detailed approach that looks into achieving long term wins for the parties involved in conflict. Strategies include negotiation, collective bargaining, mediation, third party intervention, brainstorming and communication.

5.5 Recommendation

5.5.1 Recommendation for Improvement

5.5.1.1 Public Relations Management and Strategy Implementation

The findings revealed that public relations management tenets facilitate the successful implementation of a strategy. Public relations play many responsibilities in building the image and reputation of an organization. The study recommends the practice of recommendable public relation strategies in order to ensure that the smooth relationship among stakeholders, employees, the management and regulators is maintained. Many companies have gained enough positive reputation because of effective PR.

5.5.1.2 Corporate Social Responsibility and Strategy Implementation

The findings of the study revealed that the implementation of a strategy becomes successful when the tenets of corporate social responsibility are implemented effectively. Corporate Social Responsibility perceptions affect the image of brands and firms, the propensity of consumers to buy brands and patronize retailers, and the financial performance of firms. The purpose of CSR as a tool of competitive advantage is to win the fidelity of the community as a result of the intense and keen competition among the industries. The study therefore recommends the participation of
KPMG in social responsibilities like educational support and health support programmes in order to create a positive impact both to the society and the company itself.

5.5.1.3 Conflict Management and Strategy Implementation

The results of the study revealed that effective conflict management in an organization is critical for safe, quiet and smooth work environment. Conflict can be helpful in making necessary changes within the home or work environment. The strategies of conflict management include negotiation, collective bargaining, mediation, third party intervention, brainstorming and communication. The study recommends early conflict resolution in the organization instead of waiting till the conflict is out of control.

5.5.2 Recommendation for Further Studies

This research focused on Public Relations Management, Corporate Social Responsibility and Conflict Management and how they affect strategy implementation in a specific organization. There is therefore a need to do a similar research in other audit and consultancy firms like Deloitte, PWC, PKF, Ernest & Young among others to compare the results and make conclusion. On the other hand, there is a need to undertake a study to determine the challenges facing strategy implementation in the same firms.
REFERENCES


Capri, J. (2010). Measuring relationships is a key to successful public relations. Public Relations Quarterly.


APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

April 2018

Dear Respondent,

RE: REQUEST FOR RESEARCH DATA

I am a Master of Business Administration (M.B.A) student at the United States International University - Africa. I am required to submit as part of my course work assessment, a research on “THE EFFECT OF CORPORATE REPUTATIONAL RISK MANAGEMENT ON STRATEGY IMPLEMENTATION IN KPMG KENYA”.

To achieve this, your organization is one of those selected to generate data required for this study. This information will be used purely for academic purpose and your name will not be mentioned in the report. Findings of the study shall upon request be availed to you.

Your assistance and cooperation will be highly appreciated.

Thank you in advance.

CATHERINE MUENI WATUKA

MBA STUDENT – RESEARCHER

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA
APPENDIX II: QUESTIONNAIRE

Data collected in this survey is intended for academic purposes only and will be used in partial fulfillment of an MBA research project to examine the reputational risk management measures undertaken in the Audit industry and how audit firms respond to reputational issues and are still able to thrive. All information gathered will be handled with the strictest of confidentiality. There are 4 sections.

Section One: General Information

Please tick the most appropriate

1. Gender

Male [ ]

Female

2. Age

18-24 [ ]

25-35 [ ]

36-45 [ ]

46-55 [ ]

Above 55 [ ]

3. Highest level of Education (tick one)

☐ Diploma [ ]

☐ Undergraduate [ ]

☐ Graduate [ ]

☐ Others (Please specify) ____________________________________________

4. Years of experience in the industry

☐ 0-1 year [ ]

☐ 2 - 4 years [ ]
Section Two: Public Relations Management at KPMG

On a scale of 1-5 for each statement, please tick the appropriate answer from the alternatives: 1- Strongly Disagree, 2-Dissagree, 3-Uncertain, 4-Agree, 5- Strongly Agree.

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<tr>
<th>STATEMENT</th>
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<tbody>
<tr>
<td>Building relationships with the firm’s stakeholders is critical at KPMG</td>
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<td>KPMG builds and maintains a quality relationship with its customers</td>
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<td>KPMG takes measures to build a positive corporate reputation in the long term</td>
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<td>There is joint problem solving between KPMG and other parties</td>
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<td>There is regular exchange of information between KPMG and its stakeholders</td>
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<tr>
<td>Over time, KPMG has cultivated trust in dealings with stakeholders</td>
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In your view, which are some of the other ways that KPMG employs in public relations management?

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Section Three: Corporate Social Responsibility at KPMG

On a scale of 1-5 for each statement, please tick the appropriate answer from the alternatives, 1- Strongly Disagree 2-Dissagree 3-Uncertain 4-Agree 5- Strongly Agree

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<tr>
<td>KPMG balances the need to adding shareholders value and good corporate citizenship.</td>
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<td>CSR at KPMG leads to good relations with the key stakeholders especially the customers.</td>
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<td>KPMG CSR strategy attracts customers through social events</td>
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<td>CSR at KPMG serves to establish a good corporation reputation.</td>
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<td>CSR strategy at KPMG builds a sense of community and teamwork</td>
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<td>corporate social responsibility activities at KPMG has improved the company relationship with regulatory authorities</td>
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<td>Corporate social responsibility activities at KPMG have improved the living standards of the neighboring communities</td>
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In your own view, which are some of the activities that KPMG should be involved in as part of its corporate social responsibility?

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**Section Four: Conflict Management at KPMG**

On a scale of 1-5 for each statement, please tick the appropriate answer from the alternatives, 1- Strongly Disagree, 2-Dissagree, 3-Uncertain, 4-Agree, 5- Strongly Agree.

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<tr>
<td>KPMG has an effective negotiation strategy in place to manage conflicts</td>
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<td>Disagreements in KPMG require intervention through negotiation</td>
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<td>Employees want to feel involved in decisions that affect them by negotiating with managers before decisions are made</td>
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<td>KPMG has an effective third party intervention strategy to manage conflicts</td>
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<td>Third party intervention is used to solve conflicts arising from unclear organization of work and delegation in KPMG</td>
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<td>Mediation is used as a conflict management strategy in KPMG</td>
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In your own view, which are some of the other conflict management strategies that KPMG should apply in the process of managing conflicts?

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Section Five: Corporate Reputation Risk Management and Strategy Implementation at KPMG

Kindly indicate the extent to which the three dimensions of corporate reputational risk (public relations management, corporate social responsibility and conflict management) influence strategy implementation in KPMG. Please tick the appropriate answer from the alternatives, 1-Strongly Disagree, 2-Dissagree, 3-Uncertain, 4-Agree, 5- Strongly Agree.

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<tr>
<td>Public relations management practiced at KPMG influences strategy implementation</td>
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<tr>
<td>KPMG corporate social responsibility activities influence strategy implementation</td>
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<tr>
<td>The conflict management measures at KPMG influences strategy implementation</td>
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<td>Reputation risk results in challenges to managing public relations</td>
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<tr>
<td>Corporate reputation risk influences the corporate social responsibility activities that KPMG engages in which in turn affects strategy implementation</td>
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<td>Corporate reputation risk is considered when implementing strategies regarding conflict management</td>
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Thank you very much.