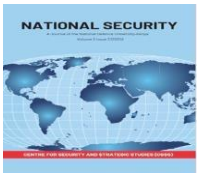

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Corporate Social Responsibility in Defence-Managed State Enterprises: Governance, Public Value, And the Kenya Shipyards Limited Case in Kisumu

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Abstract

The growing involvement of defence institutions in non-military sectors of the economy has raised an important, though still insufficiently theorised, question for civil-military relations and corporate governance: how should corporate social responsibility (CSR) be understood when a military institution manages a civilian-facing state enterprise? This paper examines that question through the case of Kenya Shipyards Limited (KSL) in Kisumu, a state-owned enterprise managed by the Ministry of Defence and positioned within Kenya's blue economy and industrialisation agenda. Drawing on civil-military relations theory, state capitalism and state-owned enterprise governance, and strategic CSR scholarship, the paper argues that CSR in defence-managed enterprises should not be reduced to philanthropy or reputational messaging. Rather, it should be understood as an embedded governance practice through which such enterprises demonstrate public value, legitimacy and accountability. Using a qualitative documentary case study, the paper analyses how KSL's public record links CSR to three observable domains: strategic public-value delivery through shipbuilding and transport infrastructure, workforce and skills development through institutional partnerships, and safety-oriented product innovation for lake communities. The paper further argues that the central governance challenge is not whether defence-managed enterprises can deliver developmental outcomes, but whether such delivery is matched by routine disclosure, measurable responsibility and effective oversight. In this way, the article contributes to CSR scholarship, civil-military relations, and African political economy by showing that defence-led corporate management in a democratic setting is best assessed through the intersection of performance, public value and accountability.

Keywords: *Strategic CSR, defence-managed enterprises, civil–military, accountability and transparency, Kenya Shipyards Limited*

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Introduction

The boundary between military and civilian governance has become less rigid in many contemporary states. Defence institutions are no longer confined to war-fighting and territorial protection alone; they are increasingly drawn into infrastructure support, emergency management, strategic production and selected areas of economic administration (Gilmore, 2015; King, 2019; Kaneberg, 2017). This broadening of role does not necessarily erase the distinction between civilian and military spheres, but it does complicate conventional understandings of where military responsibility begins and ends. Once defence institutions move into civilian-facing economic sectors, new questions arise about legitimacy, accountability, transparency and the appropriate meaning of corporate social responsibility (CSR). Kenya offers a particularly relevant setting for examining these questions. The Kenya Defence Forces (KDF) operate within a constitutional order that formally places the military under civilian authority. At the same time, the KDF has increasingly been associated with strategic national development functions beyond traditional defence roles, especially in infrastructure and state-led projects (Katumanga, 2023; Okwaro, 2024). One of the clearest examples is Kenya Shipyards Limited (KSL), a state-owned enterprise involved in shipbuilding, repair and marine industrial development, including activities in Kisumu and the wider Lake Victoria region. KSL is not simply an industrial enterprise. It sits at the intersection of strategic production, public investment, blue economy policy and regional development. Its management context, therefore, raises an analytically significant question: how should responsibility be evaluated when a defence-linked institution manages a commercial and developmental enterprise in a democratic setting?

That question matters because the dominant CSR literature has largely been built around private firms, multinational corporations and conventional civilian organisations (Carroll, 1999; Freeman & Dmytriyev, 2017). Within that literature, CSR is often framed as voluntary ethical conduct, stakeholder management, sustainability commitments and reputational legitimacy. However, this framing does not travel neatly to defence-managed state enterprises. Such institutions are neither ordinary private firms nor standard public agencies. They operate under strategic mandates, often carry security-linked institutional cultures, and remain subject to expectations of commercial performance, public value creation and public accountability. The Kenya Shipyards case makes this tension especially visible. On the one hand, KSL is expected to contribute to industrial capability, maritime infrastructure and broader state development objectives. On the other hand, because it is a public enterprise linked to defence management, it is also expected to meet constitutional and governance standards for transparency, responsible conduct and public accountability. This dual expectation means that CSR cannot be treated here as a peripheral matter of donations or image management. In this context, CSR is better understood as the practical question of how a defence-managed enterprise demonstrates that it creates value responsibly, governs itself credibly and remains publicly accountable while pursuing strategic national goals.

This paper argues that CSR in defence-managed state enterprises should be conceptualised as embedded governance rather than discretionary philanthropy. In other words, the relevant issue is not whether such institutions undertake occasional community-facing activities. However, whether responsibility is built into the way they deliver public value, manage labour and skills, approach safety, communicate results, and align performance with oversight. The KSL case suggests that defence-led CSR is most visible where responsibility is linked to core operations: vessel production, technical training, safety-oriented design and local industrial capacity-building. At the same time, the case also reveals a central governance tension: strong

developmental delivery can generate legitimacy, but delivery alone does not resolve questions of disclosure, routine transparency or measurable accountability. The paper makes three contributions. First, it extends CSR scholarship by showing that military-managed enterprises require a different analytical treatment from conventional private firms, because responsibility is inseparable from public mandate and institutional legitimacy. Second, it contributes to civil-military relations scholarship by shifting attention from crisis intervention to routine peacetime economic governance. Third, it contributes to the study of African political economy by examining how a defence-linked institution participates in industrial renewal within a democratic state rather than in a classic military-commercial regime.

To make this argument, the paper proceeds in six parts. The next section develops the theoretical framework by combining civil-military relations, state-owned enterprise governance and strategic CSR. The paper then reviews the relevant literature and identifies the analytical gap that the KSL case helps to address. The methodology section explains the documentary case-study design. The findings section examines the KSL record in relation to public value delivery, skills development, safety-oriented product innovation, and governance expectations. The discussion then interprets these findings as evidence of defence-led strategic CSR while clarifying the tension between delivery and disclosure. The conclusion highlights the paper's scholarly contribution and outlines policy implications for accountability in defence-managed enterprises.

A growing body of scholarship demonstrates that military institutions are increasingly expanding beyond traditional defence roles into development, infrastructure, logistics, and strategic production. This shift complicates conventional civil–military distinctions by introducing military authority into domains historically associated with civilian governance (Bland, 1999). Comparative political economy studies further highlight that military participation in economic sectors often generates governance tensions related to transparency, competition, and accountability. For example, research on Egypt illustrates how military economic involvement can create opaque systems of accumulation and distort market dynamics (Alissa, 2007). While Kenya's context differs institutionally, the comparative literature underscores a common governance challenge: as military mandates expand into economic domains, discretion increases, and accountability mechanisms become less clear. This literature is particularly relevant to the Kenya Shipyards Limited (KSL) case because it shifts the analytical focus from normative judgments about military involvement to the governance conditions under which such involvement operates.

The literature on state-owned enterprises (SOEs) emphasises their hybrid institutional nature. Unlike private firms, SOEs are expected to balance commercial objectives with broader public mandates, including national development and strategic sector support (Musacchio & Lazzarini, 2014). This dual expectation elevates the importance of governance. Without strong disclosure frameworks, internal controls, and performance metrics, strategic mandates risk becoming overly discretionary and difficult to evaluate. The OECD Guidelines on Corporate Governance of State-Owned Enterprises provide a widely accepted benchmark, emphasising transparency, professionalism, accountability, and responsible business conduct (OECD, 2015). In the Kenyan context, these expectations align with broader public-sector reforms aimed at enhancing accountability and efficiency in state corporations (Minogue, 1998). For KSL, this means that evaluation must extend beyond output delivery to include how responsibilities are structured, monitored, and justified. Corporate social responsibility (CSR) has traditionally focused on private firms, but an emerging body of scholarship recognises that

CSR operates differently in public and state-owned entities. In such contexts, CSR is less about voluntarism and more about legitimacy, accountability, and demonstrating public value.

Carroll's foundational framework conceptualises CSR as a multi-layered construct encompassing economic, legal, and ethical responsibilities (Carroll, 1999; Carroll, 2015). Garriga and Melé (2004) extend this understanding by categorising CSR theories into instrumental, political, integrative, and ethical perspectives—an approach particularly relevant to state enterprises that simultaneously embody multiple roles. Strategic CSR further refines this perspective by linking responsibility to core organisational activities. Porter and Kramer (2006) argue that CSR is most effective when embedded within operational processes rather than treated as peripheral philanthropy. Similarly, Freeman and Hasnaoui (2011) emphasise stakeholder expectations, while Aguinis and Glavas (2012) demonstrate that organisational systems and institutional pressures shape CSR outcomes.

For defence-managed enterprises such as KSL, these insights suggest that responsibility should be evaluated through operational practices—such as production systems, workforce development, safety standards, and stakeholder engagement—rather than symbolic or reputational claims. Despite these contributions, a clear gap remains. Civil–military relations scholarship explains the implications of military expansion into civilian domains but rarely engages CSR as a governance framework. SOE governance literature provides robust accountability benchmarks but focuses largely on civilian-managed enterprises. Meanwhile, CSR scholarship offers tools for analysing responsibility and public value but does not adequately theorise military-managed enterprises in democratic contexts. The KSL case helps bridge this gap by demonstrating how CSR can be reconceptualised as embedded governance in a defence-managed state enterprise. It integrates performance, legitimacy, stakeholder benefit, and accountability into a single analytical framework. Thus, the key contribution of this study is to shift the debate from whether military-managed enterprises can deliver development outcomes to the more precise question: under what governance conditions can such enterprises sustain legitimacy while maintaining democratic accountability?

Theoretical Basis

This paper is guided by three complementary theoretical lenses: civil-military relations, state-owned enterprise governance and strategic CSR. These are the most central frameworks for the argument and are sufficient to explain the KSL case without overloading the analysis. Together, they make it possible to answer three linked questions: why a military institution may expand into civilian-facing economic management, how such an enterprise should be governed and what CSR should mean in that setting.

The first lens is civil-military relations. Classical civil-military scholarship is centrally concerned with how democracies maintain armed forces that are effective in their professional role yet subordinate to civilian authority. Huntington (1957) emphasises military professionalism and objective civilian control, while Janowitz (1964) draws attention to the changing character of military roles in modern states. Read together, these approaches are useful because they show that military institutions can evolve beyond narrow combat functions without ceasing to be political subjects of democratic oversight. In the KSL context, this matters because the issue is not simply whether the KDF remains under civilian control in formal terms. The deeper issue is how military organisational norms, such as hierarchy, mission orientation, and discipline, shape the management of a civilian-facing enterprise. Once a

defence institution becomes involved in production, labour organisation, procurement and public communication, the civil-military question shifts from control in the abstract to governance in practice.

Feaver's (1996) principal-agent formulation sharpens this point by showing that the problem of civilian control is also one of monitoring, discretion, and information asymmetry. In a defence-managed enterprise, the military-linked manager may possess specialised knowledge and strategic discretion that ordinary civilian oversight bodies do not fully share. That reality increases the importance of disclosure, performance metrics and accountability routines. Bruneau et al. (2013) further broaden the framework by arguing that democratic civil-military relations should be evaluated not only in terms of control but also in terms of effectiveness and efficiency. This insight is especially useful here. In the KSL case, effectiveness concerns whether the enterprise contributes to strategic industrial and maritime goals; efficiency concerns whether it does so with credible stewardship, responsible controls and public accountability. CSR, therefore, enters the picture not as a peripheral moral add-on, but as one of the ways a defence-managed enterprise demonstrates that effectiveness is being pursued responsibly.

The second lens is state capitalism and state-owned enterprise governance. Musacchio and Lazzarini (2014) show that in state-capitalist settings, governments use enterprises not only for profit, but also for broader policy, strategy, and developmental purposes. This is directly relevant to KSL. A shipyard linked to national industrial policy, inland transport and strategic capability cannot be assessed only on conventional commercial terms. It is expected to generate more than revenue; it is also expected to generate public value. That expectation, however, creates governance tension. The enterprise must pursue strategic objectives without allowing strategic language to crowd out ordinary requirements of transparency, role clarity and oversight. The OECD Guidelines on Corporate Governance of State-Owned Enterprises (OECD, 2015) are particularly helpful here, as they set the baseline expectation that SOEs should combine clear ownership policy, professional governance, disclosure, integrity and responsible business conduct. In the Kenyan context, this aligns with broader governance expectations reflected in state-corporation reform. The theoretical implication is straightforward: where a defence institution manages a state enterprise, the strategic mandate does not displace governance requirements. It intensifies them. The stronger the claim that an enterprise serves national strategy, the greater the need for visible accountability. This is why CSR in such enterprises must be understood as part of the governance architecture rather than as optional image-building.

The third lens is strategic CSR. Carroll's work remains foundational, as it reminds us that corporate responsibility encompasses economic and legal obligations as well as ethical expectations (Carroll, 1999; Carroll, 2015). However, for the present paper, the most useful development is the shift from generic CSR to strategic CSR. Porter and Kramer (2006) argue that social responsibility is strongest when it is linked to core operations rather than treated as a side activity. Their shared-value formulation similarly suggests that organisations create more credible social value when societal benefit is tied to what the organisation actually does (Kramer & Porter, 2011). This logic aligns more closely with KSL than with conventional philanthropic CSR. A shipyard does not demonstrate responsibility primarily through ad hoc charity. It does so through what it builds, how safely it builds, how it develops technical skills, how it relates to suppliers and workers, and how it communicates the value of public investment.

Freeman and Hasnaoui (2011) deepen this point by linking CSR to stakeholder expectations, while Aguinis and Glavas (2012) show that CSR operates through organisational practices and institutional pressures rather than abstract principles alone. In a defence-managed enterprise, those pressures are particularly intense. The enterprise must simultaneously respond to state mandates, public scrutiny, workers' interests, safety concerns, and local development expectations. CSR, therefore, becomes a practical mechanism for translating multiple stakeholder claims into organisational conduct. Taken together, these three lenses yield the paper's central analytical proposition: KSL should be understood as a defence-managed state enterprise, with CSR best interpreted as embedded governance. Civil-military relations theory explains why oversight matters when military norms are applied to civilian-facing management. SOE governance explains why strategic public enterprises must be judged against standards of disclosure, integrity and responsible conduct. Strategic CSR explains why responsibility is most credible when it is built into production, skills development, safety systems and measurable public value. The KSL case is therefore not merely a story of industrial delivery. It is a test of whether defence-linked management can combine strategic performance with democratic accountability.

Methodology

This study uses a qualitative documentary case-study design to examine how corporate social responsibility is framed and implied in the management of Kenya Shipyards Limited (KSL). A case-study approach is appropriate because the paper is not attempting to test a large-N causal model. Rather, it seeks to interpret an emerging institutional arrangement: the management of a civilian-facing state enterprise within a defence-linked governance setting. KSL is selected because it offers a strategically significant and publicly visible Kenyan case through which broader questions of defence-led governance, public value and CSR can be explored. The study relies exclusively on documentary evidence. This choice reflects both the current evidence based on KSL and the paper's analytical objective. Publicly available materials provide insight into how KSL's mandate, outputs, partnerships and responsibility claims are presented in the public domain. The evidence base, therefore, consists of three categories of material. First, the study examines official institutional communications, including Ministry of Defence statements, KSL public materials and relevant public communication concerning the MV Uhuru II project and related shipyard activities. Second, it reviews public reporting and publicly accessible media material that describe KSL's operational milestones, workforce initiatives and product innovations, particularly in relation to the Lake Victoria region. Third, it analyses governance and accountability frameworks relevant to state enterprises, especially the OECD Guidelines on Corporate Governance of State-Owned Enterprises and Kenya's public-sector governance expectations as reflected in the broader literature on state-corporation reform.

The analysis proceeded in two stages. The first stage involved thematic coding of the documentary record to identify the main domains through which CSR-like claims appeared in the KSL case. Four themes emerged clearly: public-value delivery, skills and workforce development, safety-oriented product innovation and accountability or governance expectations. The second stage involved pattern matching. Here, the coded themes were interpreted against the theoretical expectations developed in the paper. In practical terms, this meant asking whether the documentary record presented responsibility as philanthropy, as strategic delivery, or as embedded governance. It also meant examining whether the public-

facing narrative of KSL placed more emphasis on visible outputs or on structured disclosure and measurable responsibility.

This methodological design supports interpretive depth rather than statistical generalisation. It allows the paper to analyse how legitimacy is constructed around a defence-managed enterprise and how CSR language becomes attached to production, safety, skills and governance. At the same time, the design has clear limitations. Because the study is based on public documentation, it cannot verify internal organisational processes, board-level deliberations, procurement routines, labour conditions or unpublished performance metrics. The study, therefore, does not claim to prove the full depth of CSR institutionalisation inside KSL. Rather, it analyses how responsibility is publicly structured, narrated and implied in the documentary record. These limits are important. They mean that the paper's contribution is conceptual and interpretive, not forensic. The study identifies what the KSL case reveals about defence-led CSR and where documentary visibility ends. That boundary is itself analytically important, because one of the paper's core arguments is that the gap between visible delivery and routine disclosure is central to understanding accountability in defence-managed enterprises.

Analysis of Findings

KSL is Publicly Framed as a Strategic Enterprise that Produces Public Value

The first major finding is that KSL is publicly positioned not simply as a technical industrial unit, but as a strategic state enterprise expected to contribute to national development. In the documentary record, KSL appears as an institution with a dual function: it supports shipbuilding capabilities while also contributing to inland water transport, trade facilitation and industrial growth in the Lake Victoria region. The public significance of the MV Uhuru II project is particularly important in this regard. The vessel is presented not merely as an industrial output, but as a contribution to logistics, connectivity and regional economic activity. This matters analytically because it broadens the meaning of responsibility. In the KSL case, CSR is not first visible as philanthropy; it is visible as the production of developmental infrastructure. The public-facing logic is that a state enterprise demonstrates responsibility by delivering tangible goods that serve the wider economy. That includes transport capacity, industrial reliability and the symbolic credibility of state-led production. In this sense, KSL's public record aligns with a strategic CSR logic: responsibility is tied to the institution's core output rather than to separate charitable activities.

Skills Development is One of the Clearest CSR Pathways in the KSL Case

The second finding is that skills development appears in the KSL record as one of the most concrete and defensible forms of social responsibility. The documentary material indicates that KSL has linked itself to institutional partnerships focused on technical training, especially through the publicised collaboration with Tom Mboya University on a Centre of Excellence in Shipbuilding, Repair and Maintenance. This is significant because it translates industrial activity into a longer-term developmental claim. In substantive terms, the skills dimension can be read as encompassing practical technical competencies associated with shipbuilding and the marine industry: fabrication, repair, maintenance, marine engineering support, and related industrial training. The public significance of such training is twofold. First, it helps justify public investment in KSL by showing that the enterprise can produce human capital as well as physical outputs. Second, it makes responsibility measurable. Unlike broad claims of

community goodwill, skills formation can, in principle, be assessed through intake, completion, certification, placement, and institutional continuity. This is one of the strongest parts of the KSL case because it directly links operational need and social value. The enterprise needs technically trained personnel to sustain production. The broader society benefits when those skills circulate beyond a single project. That is why workforce development emerges here not as peripheral CSR, but as a core responsibility pathway.

Safety-Oriented Product Design Connects CSR to Livelihoods and Risk Reduction

The third finding is that the KSL case also presents CSR through safety-focused product innovation. Public communications around fibreglass fishing boats and related marine products in Kisumu indicate that KSL's activities are linked to a practical problem affecting lake communities: unsafe vessels, livelihood risk and preventable fatalities. The significance of this is that responsibility is embedded in design choices. Safety equipment, vessel durability and product suitability for users become part of the social meaning of the enterprise's output. This moves the analysis beyond a narrow reading of CSR as post-production benevolence. In the KSL case, responsibility is partly located in what is built and how it is built. A boat designed for greater stability, safety and reduced post-harvest loss serves both a livelihood function and a protective function. The inclusion of patrol capacity in associated projects also suggests an overlap between community safety and regulatory support on the lake. The point is not that KSL solves all such problems, but that its public-facing legitimacy is being built around the claim that technical production can reduce social risk.

Governance Expectations are Present, but the Public Record is More Output-Heavy than Disclosure-Heavy

The fourth finding is that KSL clearly operates within a governance environment that expects accountability, transparency and responsible conduct. As a state-linked enterprise, it is normatively situated within the broader governance standards associated with public institutions. However, the documentary record suggests that KSL's legitimacy is communicated more through high-visibility outputs than through routine disclosure of CSR metrics, governance systems, or accountability procedures. In practical terms, the public narrative is built around milestone achievements: vessels produced, partnerships launched, boats delivered and developmental promises articulated. This strengthens output legitimacy by giving the public something tangible to see. However, it also creates a limitation. Output-based legitimacy does not automatically demonstrate how labour standards are enforced, how procurement integrity is protected, how environmental concerns are addressed, or how responsibility is measured over time. The finding, therefore, is not that KSL lacks accountability. Rather, the public record places much more emphasis on visible delivery than on structured, routine and auditable disclosure.

The Central Tension is not Failure of Delivery but the Risk of Strategic Exceptionalism

The fifth finding is the emergence of a structural tension that can be called strategic exceptionalism. Because KSL is associated with national strategy, industrial capability and defence-linked management, its activities can readily be framed in the language of sovereignty, state capacity and national development. That language is powerful and often politically persuasive. However, it can also overshadow ordinary governance questions. In the KSL case, this means that strategic narratives may dominate public attention. At the same time, questions of procurement processes, conflict-of-interest safeguards, labour conditions, environmental

management and systematic reporting remain less visible. The analytical point is important: the risk is not that the strategy is illegitimate, but that the strategy can become a substitute for routine scrutiny if responsibility is not institutionalised through measurable governance systems. This finding directly supports the paper's broader argument that in defence-managed enterprises, CSR must be understood as embedded governance rather than symbolic public messaging.

Kenya Shipyards Illustrates Defence-Led Strategic CSR in Practice

The KSL case supports the argument that CSR in defence-managed enterprises is most credible when it is embedded in core operations rather than treated as an external or philanthropic add-on. In this study, the strongest evidence of responsibility does not come from symbolic gestures or charitable announcements, but from the practical domains through which KSL is publicly represented: the delivery of MV Uhuru II as a transport and logistics asset, the development of technical skills through institutional partnerships, and the production of safer marine vessels for local livelihoods. These are not marginal activities. They are central to the enterprise's mandate and therefore align closely with the strategic CSR literature, which argues that responsibility is most meaningful when it is linked to what an organisation actually does (Porter & Kramer, 2006; Kramer & Porter, 2011). In this respect, the findings align with Carroll's view that responsibility is not limited to philanthropy but also encompasses economic and social obligations embedded in organisational purpose (Carroll, 1999, 2015). They also agree with Aguinis and Glavas (2012), who show that CSR is expressed through organisational practices and systems rather than abstract claims.

At the same time, the findings extend the literature by showing that in a defence-managed state enterprise, public value is generated through production, capability-building and safety-oriented innovation within a governance structure shaped by strategic state interests. This partly departs from earlier literature on military involvement in the economy, much of which has focused on opacity, accumulation and market distortion, especially in more overt military-commercial systems such as Egypt (Alissa, 2007). The KSL case does not fundamentally contradict that concern, but it suggests a more differentiated picture in which defence-linked management can also produce developmental and stakeholder-facing benefits. The findings, therefore, align with the broader SOE literature, which holds that state enterprises are often expected to combine commercial and public purposes (Musacchio & Lazzarini, 2014). However, they also highlight a dimension that previous work has not adequately theorised: that in democratic settings, defence-led CSR may derive its legitimacy less from image management than from the extent to which production itself can be shown to serve trade, skills development, safety and wider public benefit (Freeman & Hasnaoui, 2011; OECD, 2015).

The Real Dilemma Lies in the Gap between Delivery and Disclosure

The reviewer rightly pushed for greater clarity on this dilemma in the discussion. The dilemma is this: delivery can quickly generate public legitimacy, but delivery alone does not demonstrate whether responsibility is being exercised transparently and accountably. In the KSL case, visible outputs such as vessels, boats, launch events and skills partnerships strengthen output-based legitimacy by demonstrating capability and relevance. This aligns with Suchman's (1995) argument that organisations often build pragmatic legitimacy through tangible performance and visible achievements. However, the findings also reveal a limitation that is consistent with, and extends, existing scholarship. Output-based legitimacy does not necessarily provide insight into governance systems, labour practices, procurement integrity or environmental safeguards. This supports the OECD (2015) position that state-owned

enterprises must complement performance with structured disclosure and accountability mechanisms.

In this respect, the findings agree with Feaver's (1996) principal-agent perspective, which emphasises that effective oversight depends on monitoring, information flows and reduced asymmetry between managers and overseers. A defence-managed enterprise, by its nature, may possess specialised knowledge and strategic discretion, making disclosure even more critical. At the same time, the findings partially challenge strands of the CSR literature that implicitly assume that demonstrating social value through outputs is sufficient for legitimacy. While strategic CSR correctly emphasises linking responsibility to core operations (Porter & Kramer, 2006), the KSL case shows that this linkage must be accompanied by routine, auditable reporting to sustain credibility over time.

The implication is that delivery and disclosure are not competing logics but complementary requirements. This position aligns with Bruneau et al. (2013), who argue that civil-military relations in democratic contexts should be evaluated not only for effectiveness but also for accountability and efficiency. The KSL case, therefore, reinforces the argument that, in defence-managed enterprises, legitimacy must be built through both visible developmental outputs and consistent governance practices. The findings extend the literature by showing that strategic importance can unintentionally privilege delivery over disclosure, creating a risk that accountability is assumed rather than systematically demonstrated. The evidence suggests that the most robust model is one in which performance is made legible through governance, ensuring that responsibility is not only delivered but also verifiable.

KSL Illustrates how CSR can Function as Risk Management

The KSL case also shows that CSR can be understood as risk management rather than merely goodwill or reputational positioning. The fibreglass boat initiative is the clearest example. The risks at stake include loss of life from unsafe vessels, livelihood insecurity among fisherfolk, reduced product quality or post-harvest losses, and unsafe conditions on the lake. When a defence-managed shipyard contributes to safer, more durable, and better-equipped vessel designs, responsibility takes the form of harm reduction embedded in production. This finding aligns with the strategic CSR literature, which emphasises that organisations create social value by addressing societal risks through core activities (Porter & Kramer, 2006; Kramer & Porter, 2011). It also aligns with Aguinis and Glavas (2012), who argue that CSR is most effective when operationalised through organisational practices rather than abstract commitments. At the same time, the findings extend the literature by showing that, in a defence-managed enterprise, risk reduction is not only a market or reputational concern but also a governance and public-safety function. This departs from earlier CSR frameworks that focus primarily on voluntary corporate initiatives by demonstrating that, in state-linked and security-associated enterprises, responsibility is more directly tied to reducing structural vulnerabilities. The KSL case, therefore, reinforces the view that CSR can be grounded in tangible risk mitigation while also broadening it to include safety-oriented production as a central dimension of legitimacy (Carroll, 2015).

Skills Development is the Most Scalable and Measurable Form of CSR in this Case

Among all the CSR pathways observed in the KSL record, skills development emerges as the most scalable because it connects present operational needs to future industrial capability. The partnership with Tom Mboya University is not only symbolically significant but also

potentially creates a pipeline of competencies relevant to shipbuilding, repair, maintenance and related technical fields. This finding is consistent with the broader CSR literature, which recognises human capital development as a core dimension of social responsibility, particularly in contexts where organisations contribute to long-term societal capacity (Aguinis & Glavas, 2012; Freeman & Hasnaoui, 2011). It also aligns with the SOE governance perspective that public enterprises are expected to generate broader developmental outcomes beyond immediate financial returns (Musacchio & Lazzarini, 2014). At the same time, the findings extend existing scholarship by demonstrating that in a defence-managed enterprise, skills development serves an additional legitimising function: it helps counter concerns that military involvement in civilian economic sectors may crowd out broader participation. By contributing to civilian technical capacity, the enterprise diffuses capability beyond its organisational boundaries. This partly challenges more critical strands of the literature on military economic engagement, which often emphasise concentration of control and limited spillover benefits (Alissa, 2007). The KSL case suggests a more nuanced outcome in which workforce development can transform a strategic enterprise into a platform for capability multiplication. In this sense, the findings support the argument that CSR in such contexts is most credible when it produces measurable and transferable public value rather than symbolic claims (OECD, 2015).

Accountability in defence-managed enterprises must be made routine, not assumed. The KSL case brings accountability into sharp relief because the enterprise operates at the intersection of strategy, public administration and defence-linked governance. Publicly visible outputs can make an institution appear effective; however, they do not, by themselves, reveal how decisions are made, how risks are managed or how the public interest is safeguarded. This finding aligns strongly with civil-military relations scholarship, particularly Feaver's (1996) argument that effective oversight depends on monitoring and information transparency, and with Bruneau et al. (2013), who emphasise that democratic control must incorporate accountability alongside effectiveness. It also aligns with the OECD (2015) framework, which stresses that state-owned enterprises must institutionalise disclosure, integrity systems, and oversight mechanisms as routine practices.

Similarly, the findings extend the literature by highlighting a specific risk in defence-managed enterprises: the tendency toward strategic exceptionalism, where the importance of national development goals may lead to implicit assumptions that accountability is already assured. This partially challenges approaches that treat state-linked enterprises as inherently accountable due to their public mandate. The KSL case shows that such assumptions are insufficient. Instead, accountability must be systematically demonstrated through regular reporting, clear procedures and auditable governance systems. The implication is that the more strategic and security-linked an enterprise becomes, the greater—not lesser—the need for routine, visible and verifiable accountability. This reinforces the broader argument that CSR in defence-managed enterprises must be understood as embedded governance, where responsibility is continuously demonstrated rather than presumed (Carroll, 2015; Freeman & Hasnaoui, 2011).

Conclusion

This paper has argued that Kenya Shipyards Limited offers an important case for rethinking corporate social responsibility in defence-managed state enterprises. Rather than treating CSR as discretionary philanthropy, the paper has shown that, in the KSL case, responsibility is more convincingly understood as embedded governance: the linking of strategic production to public value, skills development, safety, and accountability. The case demonstrates that a defence-

managed enterprise can claim legitimacy not only through its association with national strategy, but also through its capacity to generate visible developmental outcomes in a civilian-facing domain. The evidence examined here points to three especially significant CSR pathways in the KSL case. The first is public-value delivery through industrial output, most visibly in the MV Uhuru II project and the broader framing of shipbuilding as an intervention in connectivity and regional development. The second is technical and workforce development through institutional collaboration, particularly where training is linked to shipbuilding, maintenance, fabrication and related industrial skills. The third is safety-oriented product innovation, especially when marine production aims to reduce livelihood risk and improve conditions for lake users. These pathways show that the case for CSR in defence-managed enterprises is strongest when responsibility is located in what the enterprise actually does.

At the same time, the paper has identified a central governance problem. Strong delivery can confer legitimacy, but legitimacy based solely on delivery is incomplete. In a democratic setting, defence-managed enterprises must also demonstrate how they govern procurement, labour, risk, integrity and performance.

Recommendations

The key policy lesson is that strategic output and routine disclosure must be treated as mutually reinforcing rather than as competing priorities. Three policy implications follow:
First, the ownership and public mandate of KSL should be stated with greater precision in practice, including what counts as commercial success, what counts as strategic success and what social outcomes the enterprise is expected to produce. This reduces ambiguity and makes oversight more credible. Second, responsibility indicators should be built into routine governance rather than left to public messaging. That includes measurable reporting on training outcomes, safety performance, local supplier participation, quality assurance and other operationally relevant CSR domains. Third, accountability systems should be normalised even in strategic projects. In practical terms, that means stronger routine communication on integrity controls, risk management, procurement justification and oversight structures so that strategic importance does not become a reason for opacity. The broader significance of the KSL case is therefore clear. Defence-managed non-military enterprises can contribute meaningfully to national development, regional industrial renewal and public value creation. However, in democratic contexts, the sustainability of that contribution depends on more than visible delivery. It depends on whether such enterprises can institutionalise responsibility in ways that are measurable, reviewable and publicly defensible. That is the central lesson of defence-led CSR in the Kenya Shipyards case.

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