



INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON THE ORGANIZATION PERFORMANCE OF MABATI ROLLING MILLS IN KENYA

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ABSTRACT

Strategic management has emerged as the most significant and widely used management approach and is seen as moving management away from a concern with the organizations' internal dynamics to an involvement with its strategic alignment in the external environment. The objective of the study is to determine the influence of strategic management practices on the performance of Mabati Rollings Manufacturing firm in Kenya. The specific objectives of the study were: to determine the effect of strategic controls on performance of MRM firm in Kenya, to establish the effect of strategic innovation on performance of MRM firm in Kenya, to determine the effect of strategic direction on performance of MRM firm in Kenya and influence of strategic positioning on performance of MRM firm in Kenya. The study employed theory of management by objective, strategic leadership theory and resource based view as theories for the study. The descriptive research design was used in the formulation of knowledge on the influence of strategic management on the performance of MRM firm in Kenya and provided solutions to areas that needed improvement. Data analysis and interpretation was done quantitatively based on descriptive statistics such as measures of mean and measures of dispersion as well as inferential statistics mainly analysis of variance, multi-linear regression and bivariate Pearson correlation. Data processing and analysis was finally done by use of the SPSS software version 24. According to the findings, there was a strong positive correlation between the independent variables; strategic controls, strategic innovation, strategic direction and strategic positioning; performance of Mabati Rollings Manufacturing firm in Kenya. The study found out that the leadership builds managerial support. It is therefore recommended that leaders in manufacturing firms need to motivate, support, and communicate, innovate the organization in building up shared behavior, vision, mission, norms and values formation among the employees for strategy management practices. The study revealed that among the four variables discussed, strategic positioning had the highest performance. Therefore, its role to produce fundamental decisions and actions in shaping and guiding the organization towards achieving its objectives very important and should be given more attention.

Key Words: Strategic Controls and Strategic Positioning.

INTRODUCTION

Despite the position and organization function, the strategic leaders bear a decision-making responsibility that cannot be delegated. It has also to be remembered that to achieve anything above average returns it demands strategic leaders who are capable of formulating and executing strategies accordingly. Further, Davis (2016) observed that for an organization to compete successfully they have to uphold good corporate governance practices in their leadership.

Research by Drath et al., (2008), has therefore advanced that there are three different organizational spheres from the bottom to the top of the organization which included the production domain which appears at the bottom of the organization, the organization domain in the middle levels and the systems domain at the top. The research has further revealed that strategic leaders are change leaders who deal with the idea that an organization must master the challenges of change while creating a satisfying, healthy, and effective workplace management for their employees in a given organization. Research by Jamal and Saif (2011), has argued that strategic leader deals with the processes of setting the direction and long term, objectives of the organizations and establish priorities in the constant changing economic landscape thus leading to performance of the organization.

STATEMENT OF THE PROBLEM

Strategic management provides techniques that focus organizations when they are deciding on their purpose and best business practices that are critical for remaining competitive and relevant. Effective strategic leadership actions enable organizations to successfully use strategic management processes which culminate in strategic competitiveness and above average returns (Wanjiru, 2017). To lead strategically requires careful thought awareness of systems and a broad view of your mission. It requires a big picture view, one that focuses on outcomes more than methods and goals more than tactics. According to Ellis (as cited in Serfontein, 2010), good leadership motivates people; the people are also guided by good leadership and even held accountable by good leadership. The importance of strategic management as a component of strategic management has been subject of a lot of discussion by scholars and practitioners. In addition, it has been noted that the high failure rate in entities performance initiatives in a dynamic business environment is primarily due to poor visioning by the organizations' top leadership (Smith, 2015).

In an environment characterized by rapid change, running a business professionally is not just a good idea; it is a requirement for survival. Thus, any perceived performance failure should be an area of major concern to strategic leaders of contemporary organizations. Therefore, a sound leadership framework must be put in place with good institutional policies and an excellent legal framework that satisfy all actors in the socio-economic playground. Many studies have been done on the strategic leadership Carter (2013). Despite more emphasis on better strategic leadership in organizational performance in manufacturing firms in Kenya.

Strategic management is given utmost attention in the manufacturing sector in Kenya. This is clear evident that leaders who have streamlined and steered their muscles to move their companies to the next level they have made headlines in Kenya and have set high levels as benchmarks for other manufacturing firms to emulate. The success of the manufacturing firms has sufficed despite difficulties in the business environment like competition from substitutes in regional markets, counterfeit products, thorax government regulations & tax policies and

competitive supply chain networks and linkages globally. There are only a few studies; Mutunga (2011); Nyamoko (2011); have been done based on the issue of strategic leadership. Studies have also been carried out by Universities in the Kenyan trade union sub-sector and retail industry and recommendations given (AJBUMA, 2010). Even though studies of organizational performance and strategic leadership have been done independently, so far there is no study that relates strategic management with organization success and specifically to manufacturing sector in Kenya. This brings a gap in knowledge that the proposed study is intended to fill.

SPECIFIC OBJECTIVES

The study was guided by the following specific objectives:

1. To evaluate the influence of strategic controls on the performance of Mabati Rollings Mills in Kenya
2. To establish the influence of strategic innovation on the performance of Mabati Rollings Mills in Kenya
3. To determine the influence of strategic direction on the performance of Mabati Rollings Mills in Kenya.
4. To find out the influence of strategic positioning on the performance of Mabati Rollings Mills in Kenya.

LITERATURE REVIEW

Strategic Controls

Gavetti and Ocasio (2015) further argue that strategic control necessarily comprise a small set of standard elements, the absence of any one of which makes strategic control impossible to achieve. Ketchen and Short (2016) agrees and advances four elements. One of the elements is the articulation of the strategic outcomes being sought. The second is the description of the strategic activities to be carried out in pursuit of the required outcomes. Third is the definition of a method to track progress made against these two elements. This is usually done through monitoring of a small number of performance measures and associated target values. The last element is the identification of an effective intervention mechanism that would allow observers, usually the organization's managers, to change, correct or adjust the organization's activities when targets are not achieved.

Strategic innovation challenges an organization to look beyond its established business boundaries and mental models and to participate in an open minded, creative exploration of the realm of possibilities (Kaplan and Palmer, 2007). Kim and Mauborgne (2005) posit that, the significance of Strategic Innovation to an organization lies in its ability to supplant competition by generating more value in the long run. This they argued, is achieved through creation of new differentiated business that initially by pass competition and new business marketing, offers and space that renders competition irrelevant.

Strategic direction is the process of directing and controlling the organization action that leads into achievement of the goal which may involve different degrees of changes hence they must set the activities and process to be followed across all levels (Serfontein, 2010). Research by Alexander, (2015) advanced that strategic direction has significantly contributed to organizational performance by generating relevant information in a bid to reduce uncertainty while creating a better understanding of the important environment within which organizations

operate. Further, researchers revealed that strategic planning as an essential tool which generates greater understanding in the process of planning initiation as an area of interest and importance to both practitioners and theorist (Bryson et al, 2010).

Strategic positioning is the placing of an organization in the future while taking into account the changing environment and putting in mind the organization's weakness and strength. Positioning defines an organization's specific niche within its sphere of influence Strategic positioning concerns what a firm is doing with a view to gain a sustainable competitive advantage. Porter (1980) outlined three approaches to competitive strategy; a quest at being the overall low cost producer (low cost leadership), differentiation in product offering(differentiation strategy) and focus on identified market that a firm can leverage on (Focus or niche strategy) all this aimed at improving the financial performance of an organization.

RESEARCH METHODOLOGY

The study adopted descriptive research design. Descriptive research design is found appropriate since it provided an accurate account of characteristics of a particular event or scope of real life situation (Kothari, 2014).The target population for the study comprised of senior managers and middle managers from various selected departments at Mabati Rollings Manufacturing firm. The reason for targeting the senior and middle managers was that they are the policy makers for the entire firm therefore they provided upper hand information in regarding to strategic management issues that influences performance.

This study used questionnaires that were both closed ended and open ended structured. This was because the questionnaires kept away interviewer bias and enabled the respondents to provide more details.In this study, data was analyzed using Statistical Package for the Social Scientist (SPSS) version 24 since it is a data management and statistical analysis tool which has a very versatile data processing capability.

RESEARCH FINDINGS AND DISCUSSIONS

A total of 123 respondents were surveyed and 100 questionnaires were received representing a response rate of 81% . The response was adequate for this study as Mugenda and Mugenda (2008) recommends that a response rate of 50% or more is adequate to represent the views of the target population.

Strategic Controls

Majority of the respondents agreed that leaders in the organization are able to validate responses timely from the organization with (mean=4.42, SD=0.638) implicating that performance can only be achieved through best leadership where the leaders can have control mechanisms in terms of risk controls and other financial management issues for the organization. The statement concurs with Ng'ang'a (2018) who asserts that leadership is all about having strategic controls in place for the organization to be able to achieve its objectives and goals.

The results showed that there is continuous flow of information between the senior management organizational team and other relevant stakeholders where most of the respondents strongly agreed to the opinions having mean score of 4.71 and standard deviation of 0.556. There is timely communication of organizational strategies to staffs and other stakeholders which has been achieved through best leadership of the organization.

Table 4.1: Strategic Controls

	N	Mean	Std. Deviation
Leaders in the organization are able to validate responses timely from the organization	100	4.42	.638
Leaders in the organization are able to create commitment through enhanced communication	100	4.13	.747
Leaders in the organization build trust transparency and honesty communication within the organization	100	4.55	.744
There is timely communication of organizational strategies to staffs and other stakeholders	100	4.49	.703
There is continuous flow of information between the senior management organizational team and other relevant stakeholders	100	4.71	.556
Valid N (listwise)	100		

Strategic Innovation

Majority of the respondents strongly agreed that there are acceptable levels of organizational change in the organization which has led to performance with (mean=4.49, SD= 0.772). The results concurs with Nadia (2017) who asserted that innovation in any given organization context has strategically changed the image of many organizations and most of the leadership in the organization have the responsibility to drive the innovation of the organization forward. The product and services developed by the organization are considered to be the best in the company having mean score of 4.82 and standard deviation of 0.386.

Table 4.2: Strategic Innovation

	N	Mean	Std. Deviation
The organization has the right people that will enable realization of technological forces in the market	100	4.78	.416
The organization implements organizational changes in line with the increased global competition	100	4.61	.803
The organization develops new product innovations that matches the changing customer needs	100	4.77	.423
The product and services developed by the organization are considered to be the best in the company	100	4.82	.386
There are acceptable levels of organizational change in the organization which has led to performance	100	4.49	.772
Valid N (listwise)	100		

Strategic Direction

The results depicts that majority of the respondents strongly agreed that the organization develop processes through strategic implementation of the plans to support performance with (mean score=4.76, SD=51.5). Majority of the respondents strongly agreed that the organization has strategy guide in identifying capabilities that need to be developed to achieve desired objectives and results with (mean=4.81, SD=0.394). The results concurs with Fourie (2014) who asserts that leadership is the only direction that can enhance the performance of any organization. These findings were corroborated with empirical evidence which according to research by Boal (2016), indicated that leadership is based on the direction given by the leader is what actually set the tasks and behaviors of an organization.

Table 4.3: Strategic Direction

	N	Mean	Std. Deviation
The organization has strategy which links the vision with current reality	100	4.76	.515
The organization has a clear vision which ensures commitment to the strategic direction	100	4.69	.563
The organization has strategy guide in identifying capabilities that need to be developed to achieve desired objectives and results	100	4.81	.394
The organization develop processes through strategic implementation of the plans to support performance	100	4.60	.620
The organization has targets that have to be achieved at any given time	100	4.73	.446
Valid N (listwise)	100		

Strategic Positioning

Most of the respondents agreed that the organization is excellent in integrating through coordinating cross-functional activities with (mean score=4.48,SD= 0.810). The results implicates that coordination of cross-functional is achieved through better strategic positioning of the organization. The organization has the best motivational programs for their employees having mean score of 4.69 and standard deviation of 0.563. Majority of the respondents strongly agreed that the organization has invested in better training techniques for their employees with (mean score =4.61, SD= 0.618). The results concurs with Muiruri (2018) who asserted that strategic positioning has transformed many manufacturing firms where it puts the interests of its customer's first priority. The organization has aligned employee values with core values of the organization having mean score of 4.53 and standard deviation of 0.674.

Table 4.4: Strategic Positioning

	N	Mean	Std. Deviation
The organization has aligned employee values with core values of the organization	100	4.53	.674
Employees develop initiatives that are difficult for our competitors to quickly imitate	100	4.69	.506
The organization has invested in better training techniques for their employees	100	4.61	.618
The organization has the best motivational programs for their employees	100	4.69	.563
The organization is excellent in integrating through coordinating cross-functional activities	100	4.48	.810
Valid N (listwise)	100		

Performance

Most of the respondents strongly agreed that the organization has the best sales optimization strategies for their employees that enhances performance having (mean score=4.60 SD=0.492). The results replicates that organization that invest much in sales optimization in the end it will achieve performance goals. Majority of the respondents strongly agreed that the organization has developed revenue maximization mechanism through strategic implementation of the plans to support performance with (mean=4.74 SD=0.562). Results replicates that strategy implementation plans plays crucial role in performance of the organization thus giving upper hand to the organization. There are acceptable levels of organizational change in my organization which has led to performance having mean score of 4.70 and standard deviation of 0.461. We have ensured that customer satisfaction is our number one priority for the entire organization to achieve performance having mean score of 4.83 and standard deviation of 0.451.

Table 4.5: Performance

	N	Mean	Std. Deviation
The organization has the best sales optimization strategies for their employees that enhances performance	100	4.60	.492
The organization has developed revenue maximization mechanism through strategic implementation of the plans to support performance	100	4.74	.562
There are acceptable levels of organizational change in my organization which has led to performance	100	4.70	.461
We have ensured that customer satisfaction is our number one priority for the entire organization to achieve performance	100	4.83	.451
There is timely communication of organizational strategies to staffs and other stakeholders	100	4.65	.479
Valid N (listwise)	100		

CONCLUSIONS

Innovation is broadly seen as an essential component of competitiveness, embedded in the organizational structures, processes, products, and services within a firm. Strategic innovation inspires cross-functional teams composed of an organization's leading change agents, guiding them to identify new revenue streams, to create breakthrough growth strategies, to define innovative new products, services and business models, to stimulate new business relationships and to rethink current business practices.

Strategic direction is an avenue through which top echelon of the institution provide strategic direction to the different department and sections, communicate to their staff who eventually implement strategic plans hence offer a control over the strategic processes. Strategic leaders are in-charge of directing and controlling the organization into achievement of the goal which may involve different degrees of changes hence they must set the activities and process to be followed across all levels.

Strategic positioning provides a vehicle for creating organizational focus and a framework for considering resource-allocation questions. It helps in articulating its perceptual location, the complexities surrounding these decisions which are significantly reduced. The coefficient of determination was very strong implying change in strategic positioning which has high impact on the performance of Mabati Rolling Manufacturing firm.

RECOMMENDATIONS

The study revealed that among the four variables discussed, strategic positioning had the highest performance. Therefore, its role to produce fundamental decisions and actions in shaping and

guiding the organization towards achieving its objectives very important and should be given more attention.

The positive and good gesture depicted by the organization in its efforts to support strategic practices activities in terms of innovation should be upheld. Such efforts shall see the organization increase its revenue, customer loyalty and profitability. This has got multiplier effect on employee confidence, reduced customer complaints, all translating to positive financial organizational performance.

Organization have a significant role of diversifying in different products so that it can capitalize on the market uncertainties and dynamic that may happen at even given course of time. It is recommended that key players and corporate leaders in Mabati Rollings Mills entities to diverge their efforts and intelligence minds in formulating viable decisions and policies that cultivates the culture of performance totality for the organization.

Performance in any given organization is used as indicator for measuring the capability of the organization on how it can run its activities. It is recommended that organization stakeholders and policy makers have to strategize on vibrant strategies and policies that initiate and promote performance of the organization.

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