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INFLUENCE OF STRATEGIC MANAGEMENT ON THE PERFORMANCE OF MANUFACTURING FIRMS IN NAIROBI, KENYA

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Abstract

Today's business operating environment is rapidly changing and this change is attributable to various factors such as globalization, changing customer and investor demands, ever-increasing product-market competition and changing legal and economic policies within the different economies. To compete successfully in this environment, organizations continually need to improve their performance by reducing cost, innovating products and processes and improving quality, productivity and speed to market. There is need to establish whether strategic management have contributed to the performance of manufacturing firms in Kenya. Using descriptive research design, the study sought to establish the influence of strategic management on the performance of manufacturing firms in Nairobi, Kenya. The study specifically sought to establish the influence of strategy formulation, strategy implementation and strategy evaluation on the performance of manufacturing firms in Nairobi, Kenya. The target population of the study was 508 senior management employees of the manufacturing firms in Nairobi. The study used purposive sampling technique to obtain a sample size of 80 respondents. A questionnaire was used for data collection. In analysing the quantitative data, the study used descriptive statistics using SPSS V. 20. Qualitative data was analysed using content analysis, through developing a thematic framework from the key issues, concepts and themes emanating from the open ended questions. Thereafter, the findings were presented in the form of tables, graphs and charts. The study established that strategic management positively influenced the performance of the manufacturing firms in Nairobi as it had helped the organizations grow their customer base, develop new products and services, achieve better coordination of firm activities, grow their firm revenues, achieve stability against/during market turbulence, achieve congruence of organizational objectives and performance targets with the organizational mission and vision and increase management effectiveness. The study concluded that adoption of strategic management enabled the organizations to match their output with the market demand, to have a clear purpose and direction, align their objectives and performance targets with their mission and vision, achieve clarity in organizational direction, achieve coherence in organizational decision making, increase their ability to effectively deal with business challenges, achieve better coordination of organizational activities, create effective communication, increase operational efficiency and employees' productivity, attain better operational cost management and increase their ability to handle the ever increasing competition in the market place. The study recommended that the manufacturing firms need to develop feedback mechanisms to evaluate failure or success of strategic management process through identifying weaknesses and executing modifications if necessary and/or feasible. Further the study recommends that the Government of Kenya and key players in the manufacturing sector should not only come up with a mechanism/legislation that will streamline the manufacturing sector's operating environment, but also put up mechanisms for having such policies fully implemented.

Keywords: Strategy implementation, Strategy evaluation and Strategy formulation.

1.I NTRODUCTION

The Organizations whether for profit or non-profit, private or public have found it necessary in recent years to engage in strategic management in order to achieve their corporate goals. The environments in which they operate have become not only increasingly uncertain but also more tightly interconnected. This requires a threefold response from these organizations. They are required to think strategically as never before, need to translate their insight into effective strategies to cope with their changed circumstances and lastly, develop rationales necessary to lay the groundwork for adopting and implementing strategies in this ever-changing environment (Blasi et al., 2003). Strategic management is a unifying theme that gives coherence and direction to the actions and decisions of an organization. It guides an organization to superior performance by helping establish competitive advantage. It acts as a vehicle for communication and coordination within the organization. The goal of strategic management therefore is to build and maintain sustainable competitive advantage and create stakeholders wealth. Strategic management process includes formulation, implementation, evaluation and control (Pearce and Robinson, 2009).

Chandler (2002) defines strategic management as the determination of basic long term goals of an organization and the determination of courses of actions and the allocation of resources necessary to carry out these goals. Strategic management thus helps an organization in utilization of its resources so as to give value to customers and in so doing achieve its objectives. According to Fred (2005), strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans. In other words, strategic management can be seen as a combination of strategy formulation, implementation and evaluation.

According to Johnson and Scholes (2002), the choice of a suitable strategy to be pursued by an organization depends on the external environment in which the organization operates and its internal environment characterized by its strengths and weaknesses. The strategy must also be consistent with the firm's vision, mission and objectives. In strategic management, the firm must analyze the advantages, disadvantages, trade-offs, costs and benefits of each alternative strategy. The ultimate success of the identified strategy depends on its implementation. According to Pearce and Robinson (2005), strategic management provides long term direction for the firm and helps the firm cope with change and enables it to focus resources and efforts in the market.

The measurement of performance is the cornerstone of business practice because it assists in evaluation of the achievement of fundamental business goals and sets the scope and direction of possible improvement actions. Measurement of performance is relative depending on the industry a business is in. There is no one acceptable parameter for measuring performance and therefore organizations must identify their own parameters by which to measure their performance (Pearce and Robinson, 2005). Performance assessment can be both qualitative and quantitative which involves an analysis of financial and operational performance in firm (Fred, 2009). For effective performance measurement, a balanced presentation of both financial and non-financial measures is required since no single measure can provide a clear performance target or focus attention on critical areas of the business (Liu, 2011).

1.2 Statement of the Problem

The performance of organizations has been the focus of intensive research efforts in recent times. How well an organization implements its policies and programs and accomplishes its strategic intent in terms of its mission and vision is of paramount concern. Managers in both private and public organizations are becoming increasingly aware that a critical source of competitive advantage often come from indigenous product and services, best public relations strategy state-of-the-art technology and having an appropriate system of attracting and managing the organizations human resources (Johnson and Scholes, 2002).

Looking at today's trend, it is evident that the space of change in our business environment presents fresh challenges daily. Manufacturing firms, therefore, need to adopt strategic management that will entail application of innovative ideas to create unique brands and creating customer-friendly products/services that will bring about competitive advantages in terms of brand preference and customer confidence.

At the global level, Liu (2011) explored the relationship between strategic orientation and organizational performance in Born Global; a business organization seeking resources and selling products for gaining competitive advantage from multinational markets. The study determined that there was positive correlation between strategic orientation and organizational performance; Fowdar et al. (2011) examined the relationship between market orientation, service quality and business performance in a survey of stock brokers in Mauritius. Some form of relationship was established in this study, however, further research into the relationship was recommended; Thune and House (1970) explored the relationship between strategic planning and firm Performance. Thune and House studied 36 companies employing the approach of examining the performance of each company both before and after formal strategic planning was initiated. This covered both informal and informal planners. The comparison showed that formal planners outperformed the informal planners on all the performance measures that were used; Caeldries and Van Dierdonck (1988) examined the relationship between a firm's strategy and its performance. They surveyed 82 Belgian Business firms and reported a link between strategy and performance. They noted that strategy enables a firm to strengthen its competitive position, and facilitates integration and coordination of members' behavior while Imoisili (1978), studying indigenous and multinational companies in Nigeria, concluded that the more effective companies are found among organizations which maintain consistency between environmental perception and management practices, do long-term planning, use more flexible control systems and have smaller spans of control.

Locally, Wangari (2007) carried out a study on the influence of competitive strategies on the performance of hair salons in Nairobi. The study concluded that variables of differentiation strategy in the industry indicate existence of a relationship between strategy and performance, Nderu (2013) studied the influence of survival strategies on the organizational performance of Kenya Airways. She found that various aspects of strategic management (namely; innovativeness, managerial skills, human resource practices and working capital management practices) positively influenced the performance of Kenya Airways; Nyariki (2013) did a study on strategic management practices as a competitive tool in enhancing the performance of small and medium enterprises in Kenya. She found that strategic management has a positive relationship with competitive advantage of the organizations and that SMEs adopted various strategies in order to achieve competitive advantage while Manyasi (2012) studied the effect of strategic alignment as a source of performance at Kenya Revenue Authority and found that KRA has developed strategies that are designed to enhance performance through the four perspectives of the Balanced Score Card. She concluded that the level of strategic alignment and organizational performance are closely related. Bassi and McMurrer (2007) indicated that there is a negative relationship between strategic management and firm performance. However, none of these studies assessed the influence of strategic management on the performance of manufacturing firms in Kenya. Informed by this knowledge gap, this study sought to establish the influence of strategic management on the performance of manufacturing firms in Kenya

1.3. **Objectives of the Study**

1.3.1 General Objective

The general objective of the study was to determine the influence of strategic management on the performance of manufacturing firms in Nairobi, Kenya.

1.3.2 Specific Objectives

The study was based on the following specific objectives;

i. To establish the influence of strategy formulation on performance of manufacturing firms in Nairobi, Kenya.
ii. To analyze the influence of strategy implementation on performance of manufacturing firms in Nairobi, Kenya.
iii. To evaluate the influence of strategy evaluation on performance of manufacturing firms in Nairobi, Kenya.

1.4 Research Questions

The study was guided by the following research questions;

i. What is the influence of strategy formulation on the performance of manufacturing firms in Nairobi, Kenya?
ii. What is the influence of strategy implementation on the performance of manufacturing firms in Nairobi, Kenya?
iii. What is the influence of strategy evaluation on the performance of manufacturing firms in Nairobi, Kenya?

2.1 Theoretical Review

2.1.1 The profit-maximizing and competition-based theory

The profit-maximizing and competition-based theory by is a strategic management theory based on the notion that the main objective of a business organization is to maximize long term profit and developing sustainable competitive advantage over competitive rivals in the external market place. The industrial-organization (I/O) perspective is the basis of this theory as it views the organization external market positioning as the critical factor for attaining and sustaining competitive advantage, or in other words, the traditional I/O perspective offered strategic management a systematic model for assessing competition within an industry (Porter, 1985). Thus, the industry organization (I/O) approach to competitive advantage advocates that external (industry) factors are more important than internal factors in a firm achieving competitive advantage. Porter contends that organizational performance will be primarily determined by industry forces. Porter’s five forces model focus upon analyzing external factors and industry variables as a basis for getting and keeping competitive advantage. Managing strategically from this perspective, entails firms striving to compete in attractive industries, avoiding weak of faltering industries and gaining a full understanding of key external factor relationships within that industry (Fred, 2009).

2.1.2 The resource-based theory

The resource-based theory (RBT) stems from the principle that the source of firms' competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is rather than simply evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 1995). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin *et al*., 2007). Thus, according to the resource-based theory, managing strategically involves developing and exploiting a firm's unique resources and capabilities and continually maintaining and strengthening those resources. The theory asserts that it is advantageous for a firm to pursue a strategy that is not currently being implemented by any other competing firm. Such resources must be either rare or hard to imitate or not easily substitutable.

2.1.3 The contingency theory

The contingency theory draws on the idea that there is no one or single best way or approach to manage organizations. Organizations should then develop managerial strategy based on the situation and condition they are experiencing. Thompson (1967) in his classic organization in action model portrayed the basic problem of an organization as achieving originality in an uncertain word. Organizations are created to pursue some desired outcomes, yet they are faced with technologies and environment of varying levels of uncertainty which limits their ability to plan and execute actions to achieve the desired ends. Thompson vied an organizations as open systems fundamental with environment over which they had only limited control.

Thompson conceives environment in terms of several key dimensions, one being organizational domain, second being task environment which most interpedently and the third is being power and dependence relation implied by the nature of its domain and task environment. The organization domain is defined by the claims that the organization makes in terms of its range of products, the customers it serves and what services it lenders. The most relevant part of the larger system from the organization's strategic point of view comprise its external environment which are the customers or clients, suppliers of materials, labor, capital equipment and work space competitors for markets and resources and regulatory group including government, union and inter firm associations. This theory thus emphasizes on the importance of ensuring that organizational strategies are appropriate to the circumstances of the organisation including the culture operations process and external environment. Organizational strategies have to take account of the particular needs of both the organisation and its people (McGrath and MacMillan, 2000).

2.2 Empirical Review

2.3 Strategy formulation

Strategy formulation is the development of long range plans for effective management of business opportunities and threats, in light of an organization's strengths and weaknesses. It includes environmental scanning, defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines (Dess, 2011). Strategy formulation is largely influenced by top manager's perception of their organization's development agenda. Every organization has a unique agenda; even organizations within the same industry have plans unique to themselves (Strickland, 2007).

The major tasks of managers of manufacturing firms is to assure success (and therefore) survival of the firms that they manage. In order to achieve success, the enterprises have to adequately adjust to meet business challenges. Failure to do this will cause the enterprise to experience a big strategic problem. This problem arises out of the mismatch between the output of the enterprise and the demand in the market place. Strategy is useful in helping managers tackle the potential problems that face their firms. Strategy is a tool, which offers significant help for coping with turbulence confronted by business firms. If the concept of strategy is to be of value, correct strategies have to be formulated and implemented appropriately (Fred, 2009).

An organization's mission is a firm's overall broad guiding statement of purpose that includes basic description of the firm, its nature and its philosophy. The specification of the organization's mission marks the beginning of strategy analysis. It serves a crucial purpose in organizational decision-making and tries to answer the question: *'what business are we in?'* This reveals an organization's scope of the business activities that it pursues, that is, product or service, markets, customers and philosophy. Most organizations including those in the manufacturing sector cannot thus achieve reasonable performance without a mission whether written or inferred since all their activities would not be in line with the philosophy, objectives, strategies or functional policies of the organizations (Harrington *et al*., 2004).

2.4 Strategy implementation

Implementation of the chosen strategy is by any measure one of the most vital phases in the decision making process. Strategy implementation embraces all of those actions that are necessary to put the strategy into practice. Fred (2009) also states that strategies are not the end result of the strategic management process. Strategic thought has to be translated into strategic action. Once the strategic planning process is complete, the strategy must be implemented. No matter how creative and well formulated the strategic plan, the organization will not benefit if it is incorrectly implemented (Jay and Alec, 2010).

Strategy implementation involves several dimensions of an organization. It requires changes in an organization's behavior, which can be brought about by changing one or more dimensions, including management's leadership ability, organizational structure, information and control systems, human resources and production technology. In strategy implementation, the management translates strategies and policies into action through development of programs, budgets and procedures. Although implementation is usually considered after strategy has been formulated, implementation is key part of strategic management (Johnson *et al*., 2005).

Effective leadership is necessary for strategy implementation. Managers have a role to influence members of an organization to adopt the behaviors needed for strategy implementation. Proper management involves communication and motivation as well as changes in corporate values and culture. Top managers seeking to implement a new strategy may find it useful to build coalitions and persuade middle managers to go along with the strategic plan and its implementation. If leaders involve other managers during strategy formulation; implementation will be easier because managers and employees will better understand, and be more fully committed to the new strategy (Harrington *et al*., 2004).

2.5 Strategy evaluation

According to Pearce and Robinson (2009), strategy evaluation is the process by which an organization's activities and performance results are monitored and actual performance compared with desired performance. In strategy evaluation, managers try to ensure that the strategy chosen is properly implemented and is meeting the objectives of the organization. The evaluation process helps strategists monitor the progress of a plan. As such evaluation processes are set up to ensure that the variance between expected and desired objectives will be closed according to the strategy (Pearce and Robinson, 2009).

Though the above information may portray formality in strategic management, a number of factors determine how much formality is needed. These factors include the management style, complexity of the business environment and the size of the organization (Pearce and Robinson, 2005). Although evaluation is the final phase of strategic management, it can also pinpoint weaknesses in previously implemented strategies and thus stimulate the entire process to begin again (Taiwo & Idumo, 2007).

Basically there are four types of strategic evaluation. Premise evaluation is used to systematically check whether premises set during the planning and implementation stage are still valid. Implementation evaluation is designed to assess whether the overall strategy results relates with incremental steps and actions that implement the overall strategy. There is also the strategic surveillance/evaluation which is usually designed to monitor a broad range of events both internally and outside the organization that may threaten the firm's strategy, lastly there is the special alert evaluation that is needed to thoroughly and rapidly to reconsider the firm's basic strategy based on a sudden unexpected event (Miller & Dess, 2011).

2.6 Performance

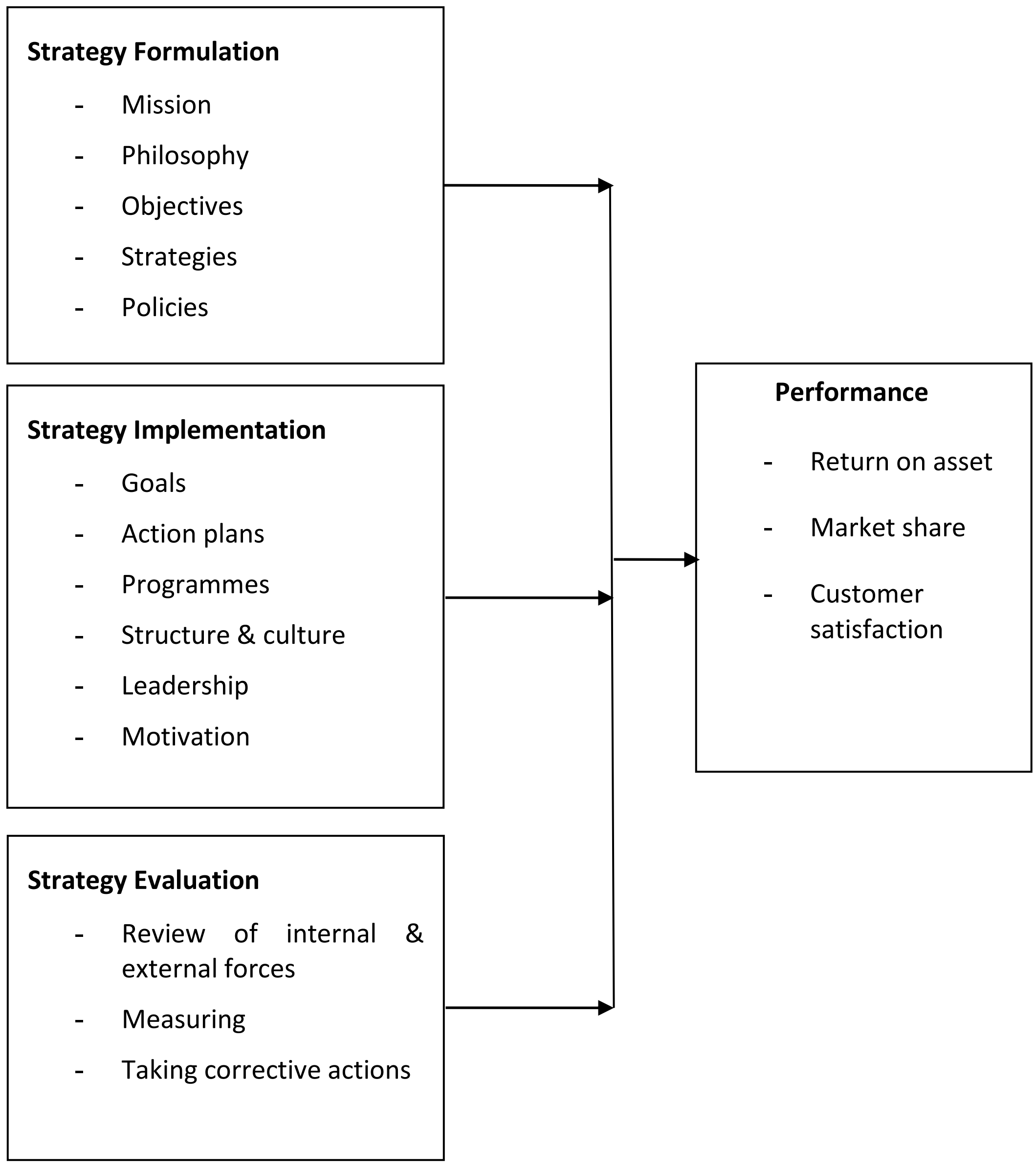
Performance is the metric used to quantify the efficiency and/or effectiveness of an action. It must be noted that literature gives no clear definition of a firm's performance (Gerhart and Milkovich, 1992). To measure performance, Kouzes and Posner (2002) explains that it involves a process of collecting, analyzing and/or reporting information regarding the performance of an individual, group, organization, system or component. Fitz-enz (2000) indicated that performance measurement should eventually lead to performance management, which is a tool of transforming ideas, vision and mission of senior managers into actions that can be planned for, measured, modified and corrected.

Another way to characterize performance is to distinguish between financial and non-financial performance. The financial performance is often measured using traditional accounting KPIs such as ROA, ROE, ROS, EBIT, EVA or Sales growth (Asaari *et al*., 2007; Russell, Terborg and Powers, 1985; Richard *et al*., 2009). The non-financial performance can be measured using operational KPIs. Market share, innovation rate or customer satisfaction are prominent examples (Fitz-enz, 2000).

Qiu (2008) confirms that within the corporate sphere, organizational performance is measured through analysis of three outcomes: financial performance, market performance and shareholder value performance. Performance can be evaluated with qualitative criteria such as job satisfaction, organizational commitment, perception of justice and quantitative criteria such as profitability, investment return ratio, sales growth in the studies.

2.7Conceptual framework

Independent variables **Dependent variable**



3.0 RESEARCH METHODOLOGY

Research design: The study used a descriptive research design. Mugenda & Mugenda (2008) stated that descriptive research design is a method which enables the researcher to summarize and organize data in an effective and meaningful way. The design was appropriate for this study as it helped to describe the state of affairs as they existed without manipulation of variables which was the aim of the study (Kothari, 2004).

Target population: According to Kothari (2004), a population is a well-defined set of people, services, elements, and events, group of things or households that are being investigated. Mugenda & Mugenda (2008) explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. This definition assumes that the population is not homogeneous.

The target population of this study consisted of the senior management employees of the manufacturing firms in Nairobi. The main reason for choosing senior management employees was because they are responsible for performance of their respective firms. The study targeted 127 licensed manufacturing firms in Nairobi (Kenya Association of Manufacturers, 2014). The study selected 4 senior management employees from each of the targeted 127 licensed manufacturing firms in Nairobi, giving the study a total target population of 508 individuals.

Sample size and Sampling Technique: From the sample units of 20 manufacturing firms, the study used purposive sampling technique to sample four senior management employees from each of the firm. This gave the study a sample of 80 respondents as illustrated in table 3.1 below.

Table 3.1 Sampling frame

Cadre of management	Sample units (Firms)	Sample per firm	Sample size
Top level management	20	4	80
Total	**20**	**4**	**80**

Data collection Instruments: The study was based on primary data where the primary data was collected by using a questionnaire. The reason for choosing questionnaire as the data collection instrument was primarily due to its practicability, applicability to the research problem and the size of the population. It was also cost effective (Denscombe, 2008). A self–administered questionnaire with both open and closed ended questions was developed and administered to obtain information from the 80 respondents.

Data Processing and Analysis: The study used primary data consisting of both quantitative and qualitative data. In analysing the quantitative data, the study used descriptive statistics using Statistical Package for Social Sciences V. 20. Measures of central tendency (mean), measures of dispersion (standard deviation), frequencies and percentage were applied for the quantitative variables (Kothari, 2004). Tables and other graphs were used as appropriate to present the data findings. Qualitative data was analysed using content analysis, through developing a thematic framework from the key issues, concepts and themes emanating from the open ended questions (Nsubuga, 2006).

4.0 DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Strategy formulation and performance

The first objective of the study sought to establish the influence of strategy formulation on performance of manufacturing firms in Nairobi, Kenya. The findings are as discussed in the subsequent subsections.

4.1.1 Respondents' knowledge of their organization's purpose and direction

The study sought to find out whether the respondents, as senior management employees in their organization, had a clear understanding of the purpose and direction of their organization. The findings are as shown in Figure 4.1.

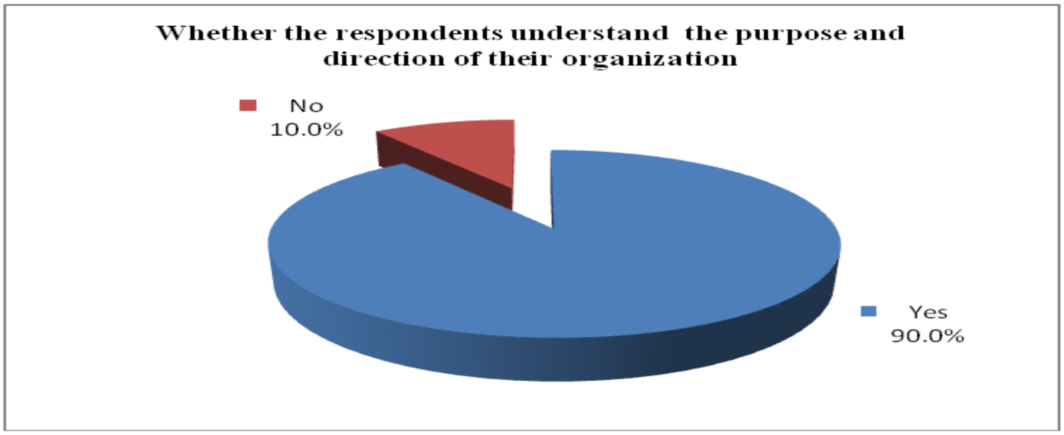


Figure 4.1 Respondents' knowledge of their organization's purpose and direction

According to figure 4.1 above majority (90%) of the respondents indicated that they had a clear understanding of their organization's purpose and direction while 10% indicated that they lacked a clear understanding of their organization's purpose and direction. This showed that majority of the respondents had a clear understanding of their organization's purpose and direction and as such appreciated the influence of strategy formulation in their organization's performance. These findings are in line with Pearce and Robinson (2009) who noted that strategic management is a unifying theme that gives coherence and direction to the actions and decisions of an organization. On his part, Odundo (2012) argued that in strategic management, organizations must trade off and make hard choices in determining what to do and what not to and perform different activities from those performed by its rivals.

4.1.2 Extent to which respondent's organization has merged its vision and mission into measurable objectives and performance targets

The study sought to find out the extent to which the respondent's organization had been able to merge its vision and mission into measurable objectives and performance targets. The findings are as illustrated in table 4.1.

Table 4.1 Extent to which respondent's organization has merged its vision and mission into measurable objectives and performance targets

	Frequency	**Percent**
Very great extent	16	26.7
Great extent	30	50.0
Moderate extent	11	18.3
Little extent	3	5.0
Total	**60**	**100**

According to table 4.1 above, 50% of the respondents indicated that their organization had been able to merge its vision and mission into measurable objectives and performance targets to a great extent, 26.7% to a very great extent, 18.3% to a moderate extent while 5% of the respondents indicated that their organization had been able to merge its vision and mission into measurable objectives and performance targets to a great extent. Majority of the respondents explained that their organization was keen to align its organizational objectives and performance targets with its mission and vision adding that indeed the organizational mission and vision informed the formulation and setting of the organizational objectives and performance targets. This showed that there was congruence of organizational objectives and performance targets with the organizational mission and vision among the majority of the sampled manufacturing firms. The findings are consistent with Johnson and Scholes (2002) who noted that it is clear that strategic management is a unifying part of a decision that helps in identifying purposes, goals, objectives and priorities of an organization. The findings also agree with Fred (2005) who observed that strategic management is the process and approach of specifying an organization's objectives, developing policies and plans to achieve and attain these objectives, and allocating resources so as to implement the policies and plans.

4.1.3 Benefits accruing from strategy formulation

The study sought to establish some of the benefits attributable to strategy formulation accruing to the respondents' organization and that could lead to enhanced organizational performance. From the study findings, the respondents indicated that some of the benefits attributable to strategy formulation that their organizations were enjoying included enabling the organizations to match their output with the market demand, clarity in organization direction, coherence in organizational decision making, increased ability to effectively deal with business challenges, better coordination of organizational activities, effective communication, increased operational efficiency and employees' productivity, better operational cost management and increased ability to handle the ever increasing competition in the market place. This depicted that numerous benefits accrued to the manufacturing firms in Nairobi Kenya owing to strategy formulation activities. The findings agreed with Fred (2005) who observed that strategic management has been widely embraced by organizations all over the world in pursuit of achieving efficiency and effectiveness that ultimately leads to competitive advantage over competitors as well as enabling the firms solve the problem of the mismatch between the output of the enterprise and the demand in the market place. On his part, Liu (2011) argues that objectives are vital to an organization's success because they provide direction, aid in evaluation, create organizational synergy, reveal priorities, allow coordination and better communication and are essential for the successful management of organizations.

4.1.4 Respondents' extent of agreement with strategy formulation statements

The study sought to determine the respondents' extent of agreement with various statements related to effective strategy formulation using a scale of 1-5 where 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent and 1-To no extent. The findings are as illustrated in table 4.2.

Table 4.2 Respondents' extent of agreement with strategy formulation statements

	Mean	Std. Dev
Strategy is the match between an organization's resources and skills and the environmental opportunities and risks it faces and the purposes it wishes to accomplish and is meant to provide guidance and direction for the activities of the organization.	4.033	0.8227
Without objectives, organizational performance will not be achieved since there will be no direction in the activities of the organization as individuals and departments will most likely pursue different goals	4.167	0.7847
Strategy formulation is largely influenced by top manager's perception of their organization's development agenda as every organization has a unique agenda	4.100	0.8377
Most organizations cannot achieve reasonable performance without a mission statement since all their activities would not be in line with the philosophy, objectives, strategies or functional policies of the	4.233	0.8309

organizations

The study findings on table 4.2 above showed that the respondents agreed to a great extent that: Most organizations cannot achieve reasonable performance without a mission statement since all their activities would not be in line with the philosophy, objectives, strategies or functional policies of the organizations (mean = 4.233); Without objectives, organizational performance will not be achieved since there will be no direction in the activities of the organization as individuals and departments will most likely pursue different goals (mean = 4.167); Strategy formulation is largely influenced by top manager's perception of their organization's development agenda as every organization has a unique agenda (mean = 4.100) and Strategy is the match between an organization's resources and skills and the environmental opportunities and risks it faces and the purposes it wishes to accomplish and is meant to provide guidance and direction for the activities of the organization (mean = 4.033). This implied that strategy formulation was crucial to the performance of the manufacturing firms as it enabled them achieve the match between their resources and skills and the environmental opportunities and also provided guidance and direction for the activities of the organization. The findings were in agreement with Strickland (2007) who noted that strategy formulation is largely influenced by top manager's perception of their organization's development agenda. Every organization has a unique agenda; even organizations within the same industry have plans unique to themselves. The findings also concurred with Harrington *et al*., (2004) who noted that most organizations including those in the manufacturing sector cannot achieve reasonable performance without a mission whether written or inferred since all their activities would not be in line with the philosophy, objectives, strategies or functional policies of the organizations. On his part, Fred (2009) underpinned the significance of strategy formulation by noting that strategy is the match between an organization's resources and skills and the environmental opportunities and risks it faces and the purposes it wishes to accomplish and is meant to provide guidance and direction for the activities of the organization

4.2 Strategy implementation and performance

The second objective of the study sought to establish the influence of strategy implementation on performance of manufacturing firms in Nairobi, Kenya. The findings are as discussed in the subsequent subsections.

4.2.1 Necessity of strategy implementation

The study sought to determine whether or not the respondents agreed with the statement that “no matter how creative and well formulated the strategic plan, the organization will not benefit if it is incorrectly implemented”. The findings are as shown in table 4.3.

Table 4.3 Necessity of strategy implementation

	Frequency	**Percent**
Yes	60	100.0
No	0	0.0
Total	**60**	**100**

Table 4.3 above indicates that all (100%) the respondents were in agreement with the statement that “no matter how creative and well formulated the strategic plan, the organization will not benefit if it is incorrectly implemented”. The respondents explained that strategy implementation was a crucial element of strategic management as it was through it that the management is able to translate the formulated strategies and policies into action through development of programs, budgets and procedures. As such, strategy implementation was necessary if the organizations were to achieve the desired goals of strategy formulation. The findings concurred with Jay and Alec (2010) who argued that implementation of the chosen strategy is by any measure one of the most vital phases in the decision making process. Strategy implementation embraces all of those

actions that are necessary to put the strategy into practice. They further argued that no matter how creative and well formulated the strategic plan, the organization will not benefit if it is incorrectly implemented.

4.2.2 Ways in which the respondents' firms can ensure effective strategy implementation

The study sought to determine the ways in which the respondents' firms can ensure effective strategy implementation. From the findings, the respondents indicated that their organizations could ensure effective strategy implementation through various ways including enhancing their management's leadership ability (since the managers had a role to influence members of the organization to adopt the behaviors needed for strategy implementation), laying out an effective organizational structure (that clearly stipulates each individual's responsibilities and degree of authority and strikes a balance in the degree of centralization and decentralization of organizational functions), improving on the organization's communication systems and information flows, motivation of human resources (that is, managers and employees being rewarded for adhering to the new strategy and making it a success), addressing any employees' concerns about the strategy (since, often new strategy may foster resentment and resistance among the managers and employees, and this is a matter that must be resolved quickly or it may hinder strategy implementation) and adopting the appropriate level of technology required to drive the strategy implementation.

This depicted that various aspects influenced an organization's ability to effectively implement its strategy including its management's leadership skills, its communication systems and organization structure, the level of involvement of its human resource and the kinds of technologies required. The findings were in line with Johnson *et al*. (2005) who noted that strategy implementation involves several dimensions of an organization. It requires changes in an organization's behavior, which can be brought about by changing one or more dimensions, including management's leadership ability, organizational structure, information and control systems, human resources and production technology. In strategy implementation, the management translates strategies and policies into action through development of programs, budgets and procedures. The findings were also in agreement with Harrington *et al*. (2004) who argued that effective leadership is necessary for strategy implementation. Managers have a role to influence members of an organization to adopt the behaviors needed for strategy implementation. If leaders involve other managers during strategy formulation; implementation will be easier because managers and employees will better understand, and be more fully committed to the new strategy. Hence, proper management involves communication and motivation as well as changes in corporate values and culture.

4.2.3 Benefits accruing from strategy implementation

The study sought to establish some of the benefits that the respondents' organizations were experiencing which were attributable to strategy implementation enhancing organizational performance. From the findings, the respondents indicated that some of the benefits attributable to strategy implementation that their organizations were experiencing included development of innovative products and processes, enhanced product and service quality, increased output, increased efficiency and effectiveness in organizational activities, better resource utilization, increased ability in management of emerging changes in the operating environment and creation of organizational strategy. This depicted that the selected manufacturing firms in Nairobi Kenya benefited in various ways as a result of strategy implementation. The findings were in agreement with Wheelan and Hunger (2008) who argued that today's business operating environment is rapidly changing and this change is attributable to various factors such as globalization, changing customer and investor demands, ever-increasing product-market competition and changing legal and economic policies within the different economies and to compete successfully in this environment, organizations continually need to improve their performance by reducing cost, innovating products and processes and improving quality, productivity and speed to market.

4.2.4 Organizational staffs' level of training on strategy implementation

The study sought to establish how the respondents rated the level of training of the organization's workforce on strategy implementation. The findings are as illustrated in Figure 4.2.

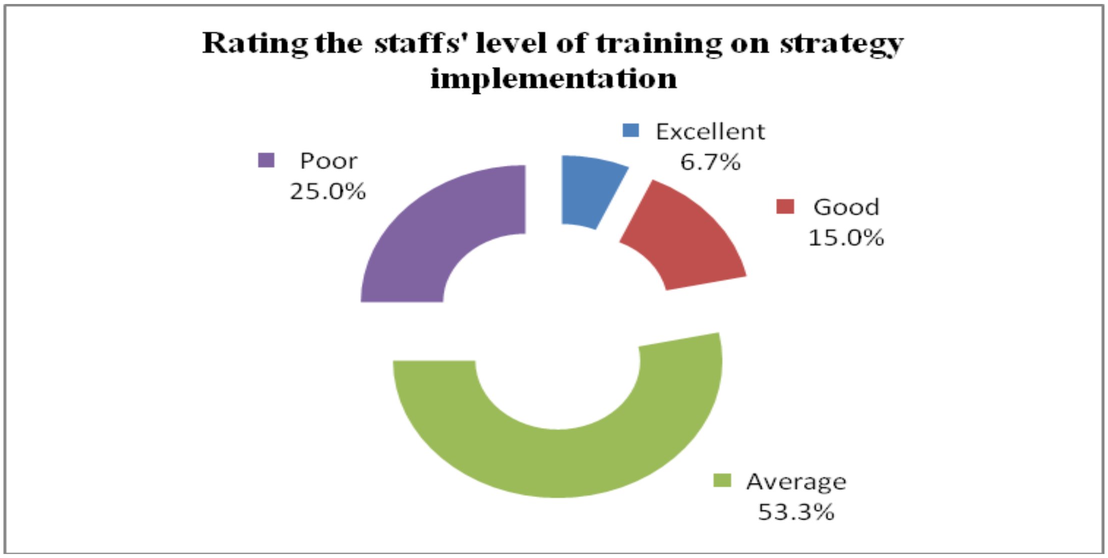


Figure 4.2 Rating the staffs' level of training on strategy implementation

According to figure 4.2 above majority (53.3%) of the respondents indicated that they rated the level of training of organizational workforce on strategy implementation in their firm as average, 25% rated the staffs' level of training as poor, 15% rated the staffs' level of training as good while 6.7% of the respondents indicated that they rated the level of training of organizational workforce on strategic implementation in their firm as excellent. This implied that the level of training for majority of the organizational workforce in the sampled manufacturing firms in Nairobi on strategy implementation was inadequate. Thus there is need for the management of the manufacturing firms to organize for workshops and seminars where the organization staff can be trained on various aspects relating to strategy implementation. This would enable the organizational workforce to possess requisite knowledge and skills pertaining to strategy implementation in the organization. The findings agreed with Heneman & Judge (2005) who noted that the human resource function plays a key role in strategy implementation. This function involves recruitment, selection, training, transfers, promotion and layoffs of employees to properly implement the strategic plan. New strategy may foster resentment and resistance among other managers and employees, and this is a matter that must be resolved quickly or it may hinder strategy implementation.

4.2.5 Respondents' extent of agreement with strategy implementation statements

The study sought to determine the respondents' extent of agreement with various statements related to strategy implementation using a scale of 1-5 where 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent and 1-To no extent. The findings are as illustrated in table 4.4.

Table 4.4 Respondents' extent of agreement with statements on strategy implementation

	Mean	Std. Dev
Effective leadership is necessary for strategy implementation as managers have a role to influence members of the organization to adopt the behaviors needed for strategy implementation	4.22	0.74
Managers and employees must be rewarded for adhering to the new strategy and making it a success, or the intensity of implementation will be reduced substantially	4.12	0.90
Resentment and resistance from the managers and employees of the firm's new strategy may hinder its implementation	4.05	0.95
If leaders involve other managers and employees during strategy formulation; implementation will be easier because managers and employees will better understand, and be more fully committed to the new strategy	4.28	0.78

The study findings on table 4.4 above revealed that the respondents agreed to a great extent that: If leaders involve other managers and employees during strategy formulation; implementation will be easier because managers and employees will better understand, and be more fully committed to the new strategy (mean = 4.283); Effective leadership is necessary for strategy implementation as managers have a role to influence members of the organization to adopt the behaviors needed for strategy implementation (mean = 4.217); Managers and employees must be rewarded for adhering to the new strategy and making it a success, or the intensity of implementation will be reduced substantially (mean = 4.117) and Resentment and resistance from the managers and employees of the firm's new strategy may hinder its implementation (mean = 4.050). This implied that strategy implementation was a critical element of strategic management and requires effective leadership, involvement of staff and their training regarding the new strategy and appreciation of the role of managers and staff in implementing the strategy. The findings were in agreement with Harrington *et al*. (2004) who noted that effective leadership is necessary for strategy implementation. Managers have a role to influence members of an organization to adopt the behaviors needed for strategy implementation. Top managers seeking to implement a new strategy may find it useful to build coalitions and persuade middle managers to go along with the strategic plan and its implementation. If leaders involve other managers during strategy formulation; implementation will be easier because managers and employees will better understand, and be more fully committed to the new strategy. The findings also agreed with Heneman & Judge (2005) who opined that new strategy may foster resentment and resistance among other managers and employees, and this is a matter that must be resolved quickly or it may hinder strategy implementation.

4.3 Strategy evaluation and performance

The last objective of the study sought to establish the influence of strategy evaluation on performance of manufacturing firms in Nairobi, Kenya. The findings are as discussed in the subsequent subsections.

4.3.1 Whether the respondent's organization prepared formal standards of performance

The study sought to determine whether the respondent's organization prepared formal standards of performance. The findings are as shown in Figure 4.3.

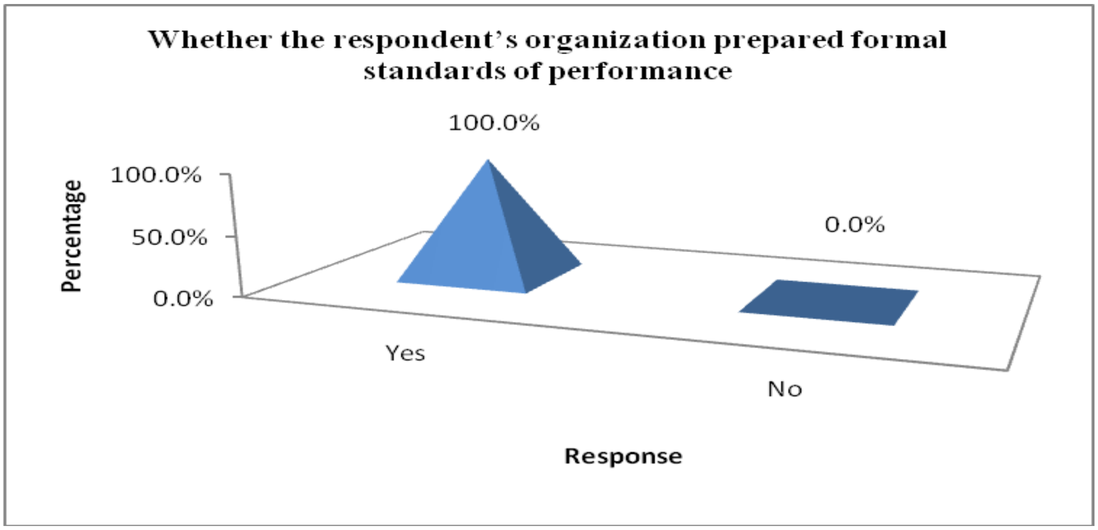


Figure 4.3 Whether the respondent's organization prepares formal standards of performance

From figure 4.3 above, all (100%) of the respondents were in agreement that their organizations prepared formal standards of performance. The findings implied that the manufacturing firms were keen on monitoring their organizational performance. Thus, strategy evaluation was crucial in aiding the organizations undertake performance control. The findings were in line with Pearce and Robinson (2009) who noted that strategy evaluation is the process by which an organization's activities and performance results are monitored and actual performance compared with desired performance. In strategy evaluation, managers try to ensure that the strategy chosen is properly implemented and is meeting the objectives of the organization.

4.3.2 Organizational performance evaluation

The study sought to determine how often in a year the respondents' organization(s) carried out evaluation of their performance. The findings are as shown in Figure 4.4.

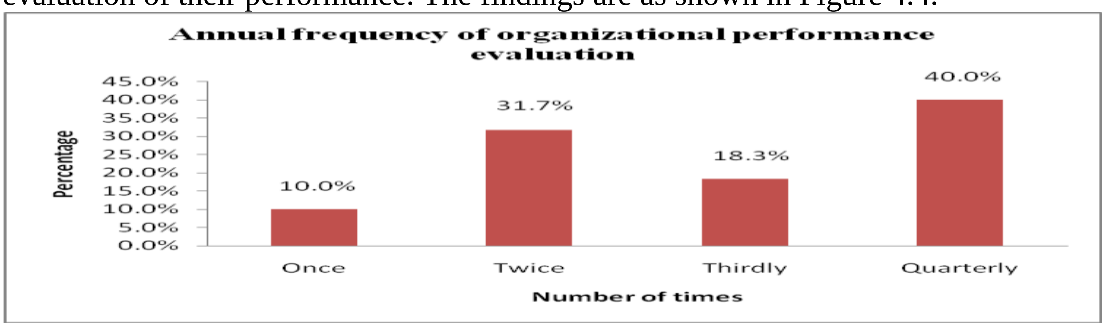


Figure 4.3 Frequency of organizational performance evaluation

According to figure 4.3 above, 40% of the respondents indicated that their organization carried out performance evaluation on a quarterly basis (meaning, four times in a year), 31.7% on a semi-annual basis (meaning, twice a year), 18.3% on a third of a year basis (meaning, three times in a year) while 10% of the respondents indicated that their organization carried out performance evaluation once in a year. This depicted that majority of the sampled manufacturing firms undertook frequent performance evaluations with a view to closely monitor their performance. Hence, strategy evaluation provided an important tool through which the manufacturing firms monitored their organizational performance. The findings concurred with Pearce and Robinson (2009) who argued that strategy evaluation is the process by which an organization's activities and performance results are monitored and actual performance compared with desired performance. Thus, the evaluation process helps strategists monitor the progress of a plan. As such evaluation processes are set up to ensure that the variance between expected and desired objectives will be closed according to the strategy.

4.3.3 Benefits accruing from strategy evaluation

The study sought to establish some of the benefits derived by the respondents' organizations which were attributable to strategy evaluation leading to enhanced organizational performance. From the findings, the respondents indicated that some of the benefits attributable to strategy evaluation that their organizations were experiencing included ease in ascertainment of organizational performance against the earlier set plans/targets, closing (bridging) of variance between the actual and the desired performance, revising of premises used during strategy formulation, identification of emerging opportunities and threats and refining of the organization's already set targets. This depicted that the selected manufacturing firms in Nairobi Kenya benefited in various ways as a result of strategy evaluation. The findings agreed with Taiwo & Idumo (2007) who observed that although evaluation is the final phase of strategic management, it can also pinpoint weaknesses in previously implemented strategies and thus stimulate the entire process to begin again. On their part Miller & Dess (2011) who noted that strategic surveillance/evaluation is usually designed to monitor a broad range of events both internally and outside the organization that may threaten the firm's strategy.

4.3.4 Respondents' extent of agreement with statements on strategy evaluation

The study sought to determine the respondents' extent of agreement with various statements related to strategy evaluation using a scale of 1-5 where 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent and 1-To no extent. The findings are as illustrated in table 4.5.

Table 4.5 Respondents' extent of agreement with statements on strategy evaluation

	Mean	Std. Dev
In strategy evaluation, managers try to ensure that the strategy chosen is properly implemented and is meeting the objectives of the organization	4.07	0.73
Strategy evaluation can pinpoint weaknesses in previously implemented strategies and thus stimulate undertaking of necessary corrective action	4.23	0.77
The firm should always monitor a broad range of events both internally and outside the organization that may threaten the firm's strategy	4.35	0.71

The study findings on table 4.5 above showed that the respondents agreed to a great extent that: The firm should always monitor a broad range of events both internally and outside the organization that may threaten the firm's strategy (mean = 4.350); Strategy evaluation can pinpoint weaknesses in previously implemented strategies and thus stimulate undertaking of necessary corrective action (mean = 4.233); and In strategy evaluation, managers try to ensure that the strategy chosen is properly implemented and is meeting the objectives of the organization (mean = 4.067). This implied that strategy evaluation was crucial to the performance of the manufacturing firms as it enabled them to identify performance gaps and strategies not working for the organization and thereby enabling the organizations to take corrective actions. The findings were in line with Miller & Dess (2011) who noted that strategic surveillance/evaluation is usually designed to monitor a broad range of events both internally and outside the organization that may threaten the firm's strategy. The findings also agreed with

Taiwo & Idumo (2007) who argued that although evaluation is the final phase of strategic management, it can also pinpoint weaknesses in previously implemented strategies and thus stimulate the entire process to begin again. Pearce and Robinson (2009) added that strategy evaluation is the process by which an organization's activities and performance results are monitored and actual performance compared with desired performance and that in strategy evaluation, managers try to ensure that the strategy chosen is properly implemented and is meeting the objectives of the organization.

4.4 Organizational performance

4.6.4 Extent to which strategic implementation has led to growth in respondent's organization

The study sought to determine the extent to which adoption of strategic management had led to growth in the respondent's organization using a scale of 1-5 where 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent and 1-To no extent. The findings are as shown in table 4.6.

Table 4.6 Extent to which strategic implementation has led to growth in respondent's organization

	Mean	Std. Dev
Opening of new branches	4.017	0.9654
Development of new products and services	4.183	0.8732
Better coordination of firm activities	4.083	0.8886
Growth in customer base	4.233	0.8309
Improved management effectiveness	3.950	0.8321
Offers stability against/during market turbulence	4.000	0.8636
Growth in firm revenues	4.067	1.023

On the extent to which adoption of strategic management had led to growth in the respondent's organization, table 4.6 above indicates that the study respondents agreed to a great extent that adoption of strategic management had helped their organizations: grow their customer base (mean = 4.233); develop new products and services (mean = 4.183); achieve better coordination of firm activities (mean = 4.083); grow their firm revenues (mean = 4.067); open new branches (mean = 4.017); achieve stability against/during market turbulence (mean = 4.000) and achieve management effectiveness (mean = 3.950). This implied that adoption of strategic management by the manufacturing firms had greatly influenced their performance through growth in their revenues and customer base, better management effectiveness, development of new products and services and better stability amid market turbulence. The findings are in line with Haberberg and Rieple (2008) who noted that the significance of strategic management is seen in a firm's ability to sustain performance and achieve performance goals over time. The findings were also in line with Qiu (2008) who noted that strategy is a tool, which offers significant help for coping with turbulence confronted by business firms. He added that strategic management can help a firm enhance its financial and market performance as well as enhance its qualitative aspects such as job satisfaction, organizational commitment and efficiency and effectiveness.

5.0 Conclusion and Recommendations

5.1 Conclusion

The study concluded that adoption of strategic management enabled the manufacturing firms to match their output with the market demand, to have a clear purpose and direction, align their objectives and performance targets with their mission and vision, achieve clarity in organizational direction, achieve coherence in organizational decision making, increase their ability to effectively deal with business challenges, achieve better coordination of organizational activities, create effective communication, increase operational efficiency and employees' productivity, attain better operational cost management and increase their ability to handle the ever increasing competition in the market place.

The study also concluded that the manufacturing firms could ensure effective strategy implementation through various ways including enhancing their management's leadership ability (since the managers had a role to influence members of the organization to adopt the behaviors needed for strategy implementation), laying out an effective organizational structure (that clearly stipulates each individual's responsibilities and degree of authority and strikes a balance in the degree of centralization and decentralization of organizational functions), improving on the organization's communication systems and information flows, motivation of human resources (that is, managers and employees being rewarded for adhering to the new strategy and making it a success), addressing any employees' concerns about the strategy (since, often new strategy may foster resentment and resistance among the managers and employees and adopting the appropriate level of technology required to drive the strategy implementation.

The study further concluded that that adoption of strategic management had helped the manufacturing firms to improve on their performance in various ways such as growth in customer base, development of new products and services, achievement of better coordination of organizational activities, growth in firm revenues, opening of new branches, stability against/during market turbulence and achieved management effectiveness.

5.2 Recommendations

Manufacturing firms like any other organizations operate in a competitive and dynamic environment and hence the strategic management process is a tactic for survival. The volatile nature of current markets makes strategic management critical. The study thus recommends that the Government of Kenya and key players in the manufacturing sector should not only come up with a mechanism/legislation that will streamline the manufacturing sector's operating environment, but also put up mechanisms for having such policies fully implemented.

On their part manufacturing firms need to consciously engage in a systematic environmental scanning, develop effective mission statements, objectives and commit themselves unto strategies implementation, evaluation and control. This is because despite the study showing that the manufacturing firms do engage in strategic management practices, the flow and coordination of the entire strategic management process has not been practiced yet.

The study also recommends that the manufacturing firms need to develop feedback mechanisms to evaluate failure or success of strategic management process through identifying weaknesses and executing modifications if necessary and/or feasible.

5.2.1 Areas of Future Studies

Since this study explored the influence of strategic management on the performance of manufacturing firms in Nairobi Kenya, the study recommends that similar studies should be done on other sectors in Kenya for comparison purposes and to allow for generalization of findings on the influence of strategic management on the performance of firms in Kenya. The researcher also suggests that a study should be done on the challenges that hinder full application of strategic management process among the manufacturing firms in Kenya. In addition, given the complex nature of the strategic management process to the extent that no single study can test it in its entirely, the researcher recommends that future research should identify more variables associated with strategic management that are assumed to affect organizational performance.

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