

EFFECT OF STRATEGIC RESPONSES ON THE PERFORMANCE OF CEMENT MANUFACTURING COMPANIES IN KENYA

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Abstract: Organizations operate in a dynamic environment. This has led to the formulation of strategies. The management teams are tasked with the responsibility of coming up with workable strategies that cushion the organization against the turbulence of the environment that they are operating in. The managers, therefore, have to establish suitable strategic choices to shield the organization against the environmental turbulence. Strategies are formulated to improve organizations' performance against the environment turbulence. The selected strategies may or may not lead to the desired results. The purpose of this study was to establish the effect of such strategic responses such as ICT integration, training, customer relationship management and strategic alliances on organization performance of cement manufacturers in Kenya. The research design for this study was a descriptive survey design. The target population was stratified into four strata (Top management, senior officers, low-level officers, and subordinate staff). As defined by Bryman (2016) a sample of 10% -30% of the target population is adequate which implies that a sample size of 70% of the population is adequate for this study. This constituted a sample size of 142 employees. Equally important is the fact that the researcher must use simple random sampling within the different strata. With this technique, the researcher had higher statistical precision compared to simple random sampling. Data were collected by use of questionnaires. The questionnaires consisted of structured closed-ended statements. Data were analyzed by use of descriptive and inferential statistics. Descriptive statistics include mode, mean, median, standard deviation. Inferential statistical techniques like correlation and regression coefficients were used to draw a causal relationship between the various strategic responses and organization performance. Data was presented by the use of graphs, pie charts, and tables. A good response rate of 79.6 was experienced. The study found out that the strategic responses have a positive significance.

Keywords: Strategic Response, Training, Customer Relationship Management, Information Communication Technology, Performance.

1. INTRODUCTION

The strategy is defined as the framework within which choices about the nature and direction of an organization are made [1]. Consulting firm [3] gives a five-phase model of creating strategic excellence. These are; Strategy intelligence gathering and analysis; Strategy formulation; Strategy master project planning; Strategy implementation and Strategy monitoring, review and updating. The strategy can also be described as a management game plan to achieve the desired performance target of an organization. The selected strategies are therefore supposed to lead the organization in achieving a competitive advantage over its rivals. The strategy is, therefore, a framework that guides the choices that determine the nature and direction of an organization [2].

Organization strategy formulation starts by matching the corporate level objectives to the available resources. Managers are therefore concerned aligning the resources of the business in the environment that it operates within and its available resources. [10] notes that the allocation process is concerned with the general purpose of the organization, whether it's part of the grand plan, overall objectives or designed to keep the organization in business.

Organizational performance is the result of the organization's activities; it includes the actual outcomes of strategic management processes. [11] allege that the practice of strategic management is justified regarding its ability to improve an organization's performance, which is typically measured regarding profits and return on investments. Performance is

regarded as a companywide measure, which is assessed in the form of strategic and financial outcomes. It is also a measure of a company's efficiency or effectiveness in conducting business operations for the accounting period. Some possible measures of performance are found in the business centers of an organization such as the revenue center, cost center, profit center, and investment center [11].

Globally, organizations are influenced by factors of change, if the environment changes, then they respond accordingly [10]. These changes evoke a more strategic approach in response by acting proactively or adapting to the environment while at the same time ensuring the sustainability of services rendered and products offered. Strategic response is a means of matching the firms' activities to its environment. An enormous amount of resources are required for strategic responses as it determines the long-term direction of the organization. This brought about the achievement of advantage in the long run and therefore concerned with the scope of entire organization activities [7]. Organizations have to respond to changes in the external environment because they are environment-dependent and environment-serving. An understanding of environmental forces is needed for appropriate measures to be applied. Trade and market liberalization especially in India, has resulted in the growing presence of businesses from these countries in the global economy.

2. EMPIRICAL REVIEW

[8] in research on how strategy matches competitive environment sought answers the predictability of the competitive environment in the industry as well as how much power a company has in shaping the underlying competitive environment. The research concluded that classical strategies could be employed for a predictable environment while for the unpredictable environment, strategies have to be shaped to match the environment.

[6] did a study on strategic response to changes in the external environment by universities in Kenya. The purpose of the study was to find the strategic responses to the external environment adopted by universities. The research used a cross-sectional survey and collected primary data using questionnaires. Descriptive statistics were used to present the data. The study found out that the challenges faced were competition within the higher institution of learning, escalating costs, inadequate budgetary allocation as well as poaching of qualified staff. The report recommended that universities should form alliances with the educational institution as well as the corporate world, improve resources management and governance.

[5] did a study on strategic responses to the external business environment by SMEs. The objective of the research was to establish the strategic response to the external business environment. Descriptive research design was used. The research concluded that product and market innovation strategies are important in keeping firms competitive. The report further recommends that firms need to continuously research customer preferences and competitive environment to have appropriate strategies.

[4] conducted a study on the competitive strategy adopted by East African Portland Cement. A case study approach was used with data collection by using an interview guide. The research found out that differentiation, cost leadership, and focus strategy was employed by East African Portland Cement to remain competitive.

3. CONCEPTUAL FRAMEWORK

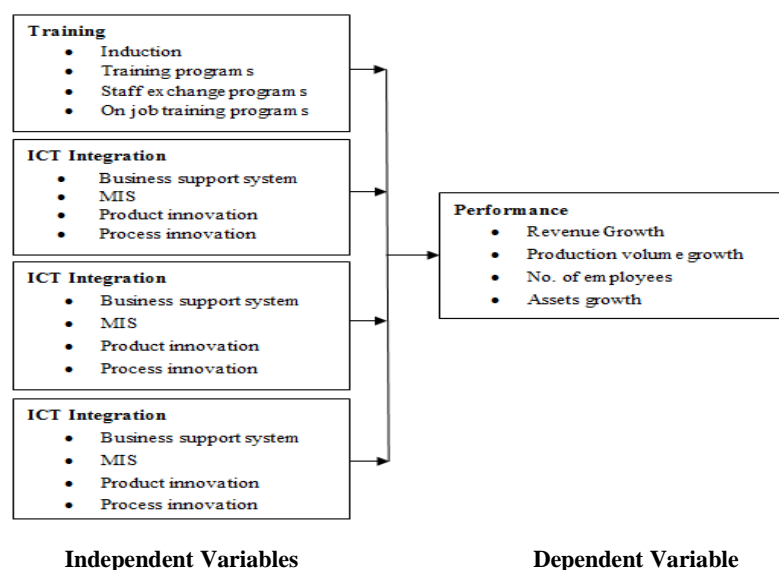


Figure 3.1: Conceptual Framework

4. SUMMARY AND CRITIQUE OF EXISTING LITERATURE

Studies have been conducted on the subject of strategic responses worldwide. Most of the studies done focused on the strategic responses adopted by various organizations. However, the studies did not follow up to find out the outcome of such strategic responses on the overall performance of the organization. Some of the studies such as [4] focused on one company which may not represent the whole industry. [4] chiefly focused on generic strategies of cost and differentiation strategies which have been fully researched on.

5. RESEARCH METHODOLOGY

The study adopted a descriptive survey design. The population of this study was the top management, middle management and supervisory employees of Cement manufacturers and who have been working for a minimum period of one year. This is to ensure that they understand the operations and have gone through a one-year cycle of the performance contract. There are about 200 employees in these three strata. The sampling frame was selected from the cement manufacturing companies in Kenya. Respondents were selected from the targeted companies and stratified into top management, senior level, junior level, and subordinate staff. This study used a stratified random sampling technique. Stratified random sampling technique was used as it ensured that all the categories of energy firms are well represented. This study used primary data which was collected through the use of a questionnaire. Data is collected using methods such as interviews, participant observations, focus group discussion, narratives and case histories. Initially, the researcher used self-introduction and also used internal informants. Relationship Management and Strategic Alliances, on the dependent variable, Performance. A multiple linear regression model is carried out to predict the values of a dependent variable, Y, given a set of explanatory variables. The multiple linear regression model is as below [9].

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Performance

X₁ = Training

X₂ = ICT Integration

X₃ = Customer Relationship Management

X₄ = Strategic Alliance

6. RESULTS AND DISCUSSION

Response Rate

The study targeted a sample of 142 respondents where 113 of the respondents filled and completed the questionnaire making a response rate of 79.6%. The response rate is sufficient to make inferences on the effect of strategic responses on the performance of cement manufacturing companies in Kenya

Effect of Training on the Performance of Cement Manufacturing Companies

The study sought to establish the effect of training on the performance of cement companies. The researcher requested the respondents to indicate their level of agreement on statements provided. From the study findings, the respondents agreed on the statements that organization the company has a structured training program in place shown by a mean of 4.31, Every new employee receives induction training as shown by a mean of 4.25, Training is exclusively done by internal trainers as shown by a mean of 4.21, Staff exchange program has improved knowledge and productivity as shown by a mean of 4.15 and that there is a feedback mechanism to determine the importance of training in the organization shown by a mean of 4.08.

The respondents further agreed that the training program has led to the improvement of employee performance as shown by a mean of 3.78.

Effect of ICT integration on the Performance of Cement Manufacturing Companies

On the effect of ICT integration on the performance of cement companies, the respondent agreed on the statements that the organization The company has invested in MIS which is essential in performance shown by a mean of 4.24, MIS has

led to operational cost reduction as shown by a mean of 4.23, MIS integration has led to the automation of routine work leading to efficient operation as shown by a mean of 4.21, ICT Integration has led to an increase in performance and productivity as shown by a mean of 4.12, ICT Integration has helped in product improvement as shown by a mean of 4.09. ICT integration has led to innovative processes as shown by a mean of 4.08.

Effect of Customer Relationship Management on Performance of Cement Companies

The study requested the respondents to indicate their levels of agreement on the statements relating to the effect of customer relationship management in cement manufacturers companies. The respondents agreed on the statements that the company has invested in customer relationship management to enhance performance as shown by a mean of 4.31, CRM has led to improvement of company performance as shown by a mean of 4.22, The organization has optimization strategies on its resources on its service delivery improvement as shown by a mean of 4.21 and Customer relationship management has led to image improvement of the organization as shown by a mean of 4.13.

The respondents further agreed that CRM has assisted the company to discover new clients and increase revenues as shown by a mean of 4.21 and that the CRM has led to improvement in market share as shown by a mean of 3.79.

Effect of Strategic Alliance on Performance of Cement Companies

The study requested the respondents to indicate their levels of agreement on the statements relating to the effect of strategic alliance on the performance of cement companies. The study found that the respondents agreed on comments that; The company has formed strategic alliances with other companies as shown by a mean of 4.27, Strategic partnership has enabled the company to be more competitive as shown by a mean of 3.98 and Strategic alliance has helped in increasing internal resources of the company as demonstrated by a mean of 3.96.

The respondents also agreed that the Strategic alliance has led to improvement of company's performance as shown by a mean of 3.90, Strategic alliance has led to discovery of new and innovative processes as demonstrated by a mean of 3.88 and that the Strategic alliance has led to growth of market share as demonstrated by a mean of 3.78.

Performance

The researcher requested the respondents to indicate their levels agreement with statements relating to the performance of the organization. From the study findings, the majority of the respondents agreed on the statements that; the adopted strategies have led to increases in revenue as shown by a mean of 4.34, that the adopted strategies have led to increasing in efficiency in company operations as shown by a mean of 4.27 and that adopted strategies has led to improvement in company image as shown by a mean of 4.27. The respondents also agreed on the statement that the adopted strategies have led to high performing team as shown by a mean of 3.93 and that the Strategic responses have led to increase in the overall performance of the company as shown by a mean of 3.79.

Correlation Analysis

The researcher investigated the association between the dependent variable and the independent variables as well as between the independent variables themselves using the correlation coefficient matrix as shown in the table below

		Training	ICT integration	Customer relationship management	Strategic alliance
Training	Pearson correlation	1			
ICT integration	Sig Pearson correlation	0.424 0.000	1		
Customer relationship management	Sig Pearson correlation	0.315 0.000	0.421 0.000		
Strategic alliance	Sig Pearson correlation	0.453 0.000	0.362 0.001	0.334 0.001	
Performance	Sig Pearson correlation	0.523 0.000	0.687 0.000	0.512 0.000	0.505 0.000
	N	113	113	113	113

The study carried out correlation analysis to test the determinants of performance of the firms. The correlation indicates the direction in one variable if another variable change. A negative Pearson correlation indicates negative correlation while a positive Pearson correlation indicates a positive correlation. The strength of the association increases as the value approaches either -1 or + 1. The summary of the correlation analysis indicates that the correlation between training and performance of cement manufacturing companies was 0.523 with a corresponding p-value of 0.012. The correlation coefficient was therefore significant and positive. This shows that if training is effective in the cement manufacturing companies, the performance was also effective.

Regression Analysis

A multiple regression analysis was conducted to study the relationship between independent variables and the dependent variable. Regression method is useful for its ability to test the nature of the influence of independent variables on a dependent variable

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.743 ^a	.552	.524	.3162

a. Predictors: (Constant), Training, ICT integration, customer relationship management, strategic alliance.

7. CONCLUSION

The study concluded that strategic responses had a great contribution towards the realization of increased performance of cement manufacturing firms. The study findings established that there is a significant positive relationship between training, ICT integration, Customer relationship management and strategic alliances and performances of cement manufacturing firms. The findings also indicated that every new employee receives induction training for the effectiveness in performance. The study found out that the integration of Information communication technology is essential in the performance of cement manufacturing companies. Information communication technology Integration has led to an increase in performance and productivity. The study found out that good customer relationship enhances performances of the cement manufacturing firms.

In conclusion, the study found that the in the organization the strategic alliance affect performances of cement manufacturing firms. The company has formed strategic alliances with other companies. A strategic partnership has enabled the company to be more competitive. A strategic alliance has helped in increasing internal resources of the company. A strategic alliance has led to the discovery of new and innovative processes.

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