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EFFECTS OF STRATEGIC MANAGEMENT PRACTICES ON THE ORGANIZATIONAL PERFORMANCE OF OIL FIRMS IN KENYA: A SURVEY OF MOMBASA OIL FIRMS IN MOMBASA COUNTY

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Abstract: **Strategic management practices involves strategic planning; strategy implementation and strategy evaluation and control, which have in the past studies been seen to influence the competitive positioning of the firm in the industry, thus determine the performance. The objective of the study was to determine the effect of strategic management practices on the performance of oil sector firms in Mombasa County. The specific objectives of the study were: to determine the effect of cost leadership on performance of oil sector firms in Mombasa county, to establish the effect of planning on performance of oil sector firms in Mombasa county, to determine the effect of innovation on performance of oil sector firms in Mombasa county and effect of product diversification on performance of oil sector firms in Mombasa county. The study employed competitive advantage and resource based as theories for the study. The metrics for measuring the company's performance were the quality of product and customer satisfaction. The descriptive research design was used in the formulation of knowledge on the effect of strategic management practices on the performance of oil sector firms in Mombasa County and provided solutions to areas that needed improvement. Structured questionnaires and oral interviews research techniques were used to get primary data from selected oil sector firms in Mombasa County. Both quantitative and qualitative research techniques was used during data presentation using inferential statistics to draw conclusions from the nominal measurement scale. Purposive sampling technique was used to identify and select eligible participants for the study sampling since it allowed the researcher to choose subjects who are in the best position to provide information required. Reliability was tested using Cronbach's Alpha. Inferential statistics such as Pearson's correlation and multiple regression analysis was used for further analysis. Data was analyzed using statistical packaging social sciences software (SPSS) version 23 to find the relationships and averages of the data in addition to tabular presentations for understandable presentation. From the finding results strategic cost leadership is driven by company efficiency, size, scale, scope and cumulative experience. Cost leadership aims to exploit scale production, well defined scope and other economies. Strategic planning plays a vibrant role of organization process of defining its strategy, or direction and making decisions on allocating its resources to pursue this strategy. From the findings the study concluded that strategic cost leadership, strategic planning, strategic innovation and strategic product diversification have a positive significant effect on the performance of firm's oils in Mombasa County. It is recommended that leaders in oil 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 also revealed that a part from leadership and planning, innovation and product diversification also posed challenges in strategy management practices. It is therefore recommended that the oil firms adopts policies and procedures that support strategic management practices. It is recommended that firm oils organization corporate managers and other key stakeholders have to invest in robust innovation and technological systems that enhances performance which plays a critical part to the economy growth and development. It is also recommended that key players and corporate leaders in oil firms' entities to diverge their efforts and intelligence minds in formulating viable decisions and policies that cultivates the culture of performance totality for the organization.**

Keywords: **Cost Leadership, Planning, Innovation & Product Diversification.**

1. INTRODUCTION

1.1 Research Objectives:

1.1.1 General Objective:

The general objective of the study was to determine the effect of strategic management practices on the performance of oil firms in Mombasa County.

1.1.2 Specific Objectives:

i. To determine the effect of strategic cost leadership on the performance of energy oil firms in Mombasa County.

ii. To determine the effect of strategic planning on the performance of energy oil firms in Mombasa County.

iii. To evaluate the effect of strategic innovation on the performance of energy oil firms in Mombasa County.

iv. To determine the effect of strategic product diversification on the performance of oil firms in Mombasa County.

1.2 Research Questions:

i. What is the effect of strategic cost leadership on the performance of oil firms in Mombasa County?

ii. What is the effect of strategic planning on the performance of oil firms in Mombasa County?

iii. What is the effect of strategic innovation on the performance of oil firms in Mombasa County?

iv. What is the effect of strategic product diversification on the performance of oil firms in Mombasa County?

2. LITERATURE REVIEW

2.1 Theoretical Framework:

2.2.1 Resource Based Theory:

The resource-based view (RBV) is a business management tool used to determine the strategy resources available to an organization. The fundamental principle of the RBV is that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal Wernerfelt, (2012). To transform a short- run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile Barney, (2013). Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort Barney, (2013) If these conditions hold, the firm's bundle of resources can assist the firm sustaining above average returns. A resource based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes cannot be imitated by competitors which ultimately creates a competitive barrier.

A firm may reach a sustainable competitive advantage through unique resources which it holds, and these resources cannot be easily bought, transferred, copied and simultaneously they add value to a firm while being rare. Major concern in the RBV is focused on the ability of the firm to maintain a combination of resources that cannot be possessed or build up in a similar manner by competitors. The RBT of the firm links the internal capabilities of the organization to strategy formulation to achieve competitive advantage (Njuguna, 2009). The theory views the firm as an interconnectivity of resources and capabilities which may be tangible or intangible. The RBT of the firm has stressed the importance of strategic choice whose tasks include identifying, developing and deploying core resources to maximize profits. This theory has contributed to the development of the theory of competitive advantage. Hotels are therefore charged with the responsibility of investing in unique resources that will differentiate them from their competitors and help them improve their performance (Wang & Ahmed, 2007).

2.2.2 Competitive Advantage Theory:

According to Jones and Bartlett (2009), the theory of competitive advantage provides a description for reasons why oil firms carry out strategic management practices and this is the effect of the practices to bring a sustainable competitive advantage. This theory considers the oil firms as having a bundle of various mixed resources and capabilities that might not easily be transferred amongst firms' oil and hence this imperfect mobility of resources is competitive advantage of the oil sector firms.

The theory further assumes that oil sector do not have an equal endowment of strategic resources and not perfectly mobile amongst oil sector firms (Branco & Rodrigues, 2006).Jones and Bartlett (2009) note that there are three categories of resources for a firm sector oil: physical capital resources like technology and equipment, geographical location, access to raw materials; human capital resources such as training, experience, judgment, intelligence, relationships and insight of managers and workers; and organizational capital resources like reporting structures, formal and informal planning, controlling and coordinating systems, and informal relations internally and externally in a firm sector oil 's environment.

In this theory, Porter (2008) observes that oil sector firms always have the key objective of maximizing the long term profits and at the same time establishing the sustainable competitive advantage over the other competitors in the external market place. The theory further emphasized that the oil sector firms external market positioning was very important for achieving and sustaining competitive advantage and also the industrial- organization perspective offered strategic management a systematic model for analyzing competition within an industry. Other researchers had established a relationship between performance of oil firms and competitiveness by evaluating performance of oil firms as a risk on key competitive variables such as reputation and image (Carlisle & Faulkner, 2005). It was further concluded by Juholin (2004) that performance of oil sector contributes to short- term profits and long-term competitiveness.

2.2 Review of Literature on Study Variables:

2.2.1 Cost Leadership:

According to Dess (2008), leadership is proactive, goal oriented and focused on the creation and implementation of a creative vision. Leadership is the process of transforming organizations from what they are to what the leader would have them become. A strategic leader is dissatisfied with the status quo hence initiates process that brings about change. Dess further says that strategic leadership entails three interdependent activities of which a strategic leader must continually reassess. These are determining the organizational direction in terms of vision and mission, designing the organization and nurturing culture dedicated to excellence and ethical behavior. Strategic leaders therefore are charged with the responsibility to marshal people's commitment within and without the organization and implement strategies intended to bring success.

Strategic leadership is the ability to shape the organization's decisions and deliver high value over time, not only personally but also by inspiring and managing others in the organization (Lynch, 2009). Strategic leadership is therefore a complex balancing act between several factors, coping with strategic pressures, changes in the environment outside the organization and managing the human resources inside the organization (Collins, 2001). Leadership means more than merely responding to outside events. It includes inspiring and enthusing those inside the organization with a clear direction for the future. This involves communicating with and listening to those inside the organization with the aim of spreading knowledge, creating and innovating new areas and solutions to problems (Teece, 2000).

2.2.2 Strategic Planning:

Dooris, Kelley and coach believe that strategic planning is still a relatively new concept in management. They find that the last several decades have been a boom period for strategic planning. When strategic planning gained popularity, researchers have begun paying more attention to the definition of strategic planning. Bryson defines strategic planning as "a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it. Mintzberg says that the concept of formalization is a key to understand planning. He defines strategic planning as formalized procedure to produce articulated result, in the form of an integrated system of decision. Wilkinson and Monkhouse define strategic planning as "a method used to position an organization, through prioritizing its use of resources according to identified goals, in an effort to guide its direction and development over a period of time.

(Šehić, 2014) defines strategic planning as making present decisions in the light of their future implementation. Kotler defines strategic planning as the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing. Strategic planning in private organizations has a task to analyze external factors influencing their operations, perceive internal strengths and weaknesses and, on that basis, set organizational goals and takes all necessary measures in order to achieve planned goals.

2.2.3 Strategic Innovation:

Innovation is broadly seen as an essential component of competitiveness, embedded in the organizational structures, processes, products, and services within a firm (Powell, 2007) According to Jin et al. (2004), strategic innovation is a future-focused business development framework that identifies breakthrough growth opportunities, accelerates business decisions and creates near-term, measurable impact within the context of a longer-term vision for sustainable competitive advantage. Kuratko et al. (2005) argues that combining non- traditional, creative approaches to business innovation with traditional consulting models, 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 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. Firm performance provides useful information for monitoring and control, improvement, maximization of effectiveness of improvement effort, reward and discipline and as a lever towards alignment of organizational goals and objectives (Drucker, 2013).

2.2.4 Strategic Product Diversification:

Diversification is defined as the entry of a firm into new lines of activities either by the process of internal expansion or by acquisition (Ramanujan and Varadarajan, 2014). It is also defined as the process by which firms extend the range of their businesses outside those in which they are currently engaged (Cannon and Hillebrandt, 2012). This definition encompasses the directions of diversification, which include vertical and horizontal integrations. A diversified firm can therefore be considered to have operations in more than a single industry (Ibrahim and Kaka, 2007). Diversification increases the range of a firm's investment opportunities, as it permits a company to take advantage of the more profitable opportunities in sectors of the economy in which it previously had no activities (Pawaskar, 2015).

Some studies assert that diversifying into related product markets produces higher returns than diversifying into unrelated product markets, and less diversified firms have been argued to perform better than highly diversified firms (Christensen and Montgomery, 2012). Some claim that the economies in integrating operations and core skills obtained in related diversification outweigh the costs of internal capital markets and the smaller variances in sales revenues generated by unrelated diversification (Datta et al., 2011). While they agreed that related diversification is better than unrelated diversification, Prahalad and ettis (2014) clarified that it is the insight and the vision of the top managers in choosing the right strategy (how much and what kind of relatedness), rather than diversification per se, that is the key to successful diversification. Accordingly, it is not product-market diversity, but the strategic logic that managers use, that links firm diversification to performance, which implies that diversified firms without such logic may not perform as well. However, others argue that it is not management conduct so much, but industry structure, which governs firm performance Christensen and Montgomery, (2010).

3. RESEARCH METHODOLOGY

3.1 Research Design:

Labaree (2014) defines research design as a comprehensive master plan of the research study to be undertaken, giving a general statement of the methods to be used. The function of a research design is to ensure that requisite data in accordance with the problem at hand is collected accurately and economically. Simply stated, it is the framework, a blueprint for the research study which guides the collection and analysis of data (Burns & Groove, 2013).

The study adopted a descriptive research design. The design is considered appropriate as it enabled the researcher to reach many subjects within limited time. Descriptive research design was used to obtain information concerning the current status of phenomena and to describe "what exist" with respect to variables in the situation (Mugenda,2013).

3.2 Target Population:

According to Vonk (2016), the target population contains members of a group that a researcher is interested in studying. The results of the study are generalized to this population, because they all have significant traits in common. The population was chosen to delimit the research and gather sufficient data within the time limit and cost. The target population for the study was 364 employees. These included two employees from each of the oil firms in Mombasa County.

Table 3.1: Target Population

Categories of Firms	Number	Target Population (Managers)
Big oil firms	6	24
Medium oil firms	28	112
Small oil firms	57	228
Total	**91**	**364**

Source, (ERC 2017)

3.3 Sampling and Sampling Techniques:

The purpose of sampling is to gain an understanding about some features or attributes of the whole population based on the characteristics of the sample. The study used proportionate sampling. According to Mugenda and Mugenda (2003). Proportionate sampling is a sampling strategy used when the population is composed of several subgroups that are vastly different in number. Sampling is that part of the statistical practice concerned with the selection of individual or observations intended to yield some knowledge about a population of concern, especially for the purposes of statistical inferences.

$$n = \frac{N}{1 + N(e)^2}$$

Where N will be the population size

e merging error to be decided by the researcher

n denoted for desired sample size

$n = 364/1+364(0.05)^2$

364/1.91= 191

3.4 Data Collection Instruments:

The data collection instrument used was a Questionnaire which was designed using the study variables identified as important for meeting the survey objectives. A closed- ended and open -ended questionnaire was to be administered to the respondents. The questionnaire was used since it was easy to administer and with data obtained easy to analyze. Likert scale was used because it was easy to understand and responses were easily quantifiable and subjective to computation of mathematical analysis.

3.4.1 Primary Data:

Primary data was collected through self- administered structured questionnaires using drop and pick method. Wu (2015) explains that views of drop and pick method were widely used in marketing studies because they were deemed to be the most knowledgeable about issues being investigated for which they were directly responsible. The structured questionnaires were closed ended questions and customized five part Likert scale which was used to collect data on the independent variables from the respondents.

3.4.2 Secondary Data:

The researcher obtained secondary data from already existing sources like now library books, documents, journals, company reports and magazines. They used secondary source because the data exists already which saves time and also to get accurate information making is easy to use.

3.5 Data Processing, Analysis and Presentation

According to Joseph (2009), there are three objectives in data analysis; getting a feel for the data, testing the goodness of the data, and answering the research question. Establishing the goodness of data lends credibility to all subsequent analysis and findings because it measures the reliability and the validity of the measures used in the study. After gathering data from questionnaire schedules, they were checked adequately for reliability and clarification. The data was analyzed using quantitative techniques, whereby the findings will be presented in the form of tables while qualitative techniques were incorporated in the study to facilitate description and explanation of the study findings. By so doing this created good understanding of the study findings. The data collected was also be entered into a computer and analyzed using Statistical Package for Social Sciences (SPSS Version 22). The software packages enabled the researcher to analyze the data into percentages, means and standard deviations. Data from SPSS was then be presented in tables. The multiple regression model was used. The equation of the regression model is as follows:

$$\mathbf{Y=B_0+\beta1X1+\beta2X2+\beta3X3+\beta4X4+\varepsilon}$$

Where:

Y= Performance

a= constant term indication the level of performance in absence of any independent variables

Then:

β1, β2, β3, and **β4** will be the coefficient function of the independent variables,

X1= Strategic Cost Leadership

X2= Strategic Planning

X3= Strategic Innovation

X4= Strategic Product Diversification

ε= Error term of the regression

4. RESEARCH FINDINGS AND DISCUSSIONS

4.1 Descriptive Analysis:

4.1.1 Strategic Cost Leadership:

Majority of respondents agreed that oil firms ought to check their economies of scale in the market in order to maximize on stiff competition in the market. This indicated by a mean of 3.88 and standard deviation of 1.751. On the responsibility of analyzing the scale of production as a changing strategy respondents, respondent with a mean of 3.85 and standard deviation of 1.763. The respondents were asked if the majority of the firm oils in Kenya have invested much in key performance indicator tool to assist in measuring performance. The respondents agreed as shown by a mean of 3.99 and standard deviation of 1.660. It is believed that key performance indicators tool provide internal and external clients with actionable metrics in an easily accessible, actionable formats they can use to increase the effectiveness and efficiency of their operations.

4.1.2 Strategic Planning:

Majority of the respondents agreed that a mean of 3.78 and standard deviation of 1.812. This showed that organization have adopted clear strategic plans and objectives that has made the organization to move to the next level. On commending on strategic plan and objectives, Scott Regan (2012) contended that most strategic plan fail for lack of clear focus. We have adopted clear policies and procedures that have enhanced proper running of the organization, most of the respondents agreed with a mean of 3.76 and standard deviation of 1.803. Majority of the respondents strongly agreed with a mean of 4.18 and standard deviation of 1.502 that oil firms have formulated clear vision and involvement of key stakeholders that has turnaround the image of the organization. On structured clear communication channel and strategic plan to all key stakeholders to help achieve organizational targets, most of the respondents agreed with a mean of 3.85 and standard deviation of 1.724.

4.1.3 Strategic Innovation:

The respondents agreed with this statement with a mean of 3.58 and standard deviation of 1.868. According to (Shaukat et al, 2014), the access to information empowers staff to be innovative and this has a positive impact on performance. The majority of the respondents with a mean of 3.96 and standard deviation of 1.650 agreed that more have been invested in efficient implementation of quality equipment that will make the doing of the work easier. With a mean of 3.64 and standard deviation of 1.812, majority of respondents were in agreement that there is improved resultant success achieved from the implementation of new innovation equipment and machines. Investing in highly technical and skilled staff is strategic tool that will always enhance the organizational performance.

4.1.4 Strategic Product Diversification:

Majority of the respondents agreed with a mean of 3.67 and standard of 1.862 that company adopt unrelated diversification due to changes in tax laws and fluctuations in interest rates. The respondents were also in agreement that company pursues that company pursue an unrelated diversification strategy in order to better control and sanction opportunistic behavior. This is indicated by a mean of 3.67 and standard deviation of 1.838. The respondents strongly agreed that the firm's primary business are located in a highly fluctuating zones. This is shown by a mean of 4.17 and standard deviation of 1.568. Long term position and service development enhances product diversification. The respondents were of the opinion that in pursuit of market penetration and product development to increase the range of investment opportunities, long-term position and service development is vital.

4.1.5 Organizational Performance:

Majority of the respondent strongly agreed with statement that higher turnover or sales above 200 million per annum (in Kshs) not only gives the organization a better image, but also builds reputation with customers. This indicated with a mean score of 4.35 and standard deviation of 1.364. The majority of the respondents strongly agreed with a mean of 4.32 and standard deviation of 1.387 that tremendous growth in market share or product accessibility has contributed to the performance of the companies. The organization have invested much time in solving and addressing customer complaints which has initiated a close relationship between the customers and the organization. The respondents strongly agreed on this with a mean of 4.35 and standard deviation of 1.400. The respondent strongly agreed that the improvement in earnings per share was brought by capping the market uncertainties. This is indicated by a mean of 4.29 and standard deviation of 1.408. The earning per share is one of investment tools used to evaluate the company's performance (Seeth & Rudolph Raj, 2011).

4.2 Correlation and Regression Analysis

4.2.1 Coefficient of Correlation

In trying to show the relationship between the study variables and their findings, the study used the Karl Pearson's coefficient of correlation (r). This is as shown in Table 4.1 below. According to the findings, it was clear there was a positive correlation between the independent variables, strategic cost leadership, strategic planning, strategic innovation and strategic product diversification and dependent variables performance. The analysis indicates the coefficient of correlation, 'r' equal to 0.607, 0.647, 0.530 and 0.626 for strategic cost leadership, strategic planning, strategic innovation and strategic product diversification respectively. This indicates a positive relationship between independent variables and dependent variable.

Table 4.1: Correlation

		Performance Leadership	Cost Planning	Strategic Innovation	Strategic Diversification	Product
Performance	P. Correlation	1	.607**	.647**	.530**	.000**
	Sig. (2-tailed)		.000	.000	.000	.000
Leadership	P. Correlation		1	.935**	.720**	.000**
	Sig. (2-tailed)			.000	.000	.000
Strategic	P. Correlation			1	.801**	.000**
Planning	Sig. (2-tailed)				.000	
Strategic	P. Correlation				1	.000**
Innovation	Sig. (2-tailed)					.000
Product	P. Correlation					1
Diversification	Sig. (2-tailed)					
	N					**136**

**** Correlation is significant at the 0.01 level (2-tailed).**

4.2.2 Correlation of Determination:

Table 4.2: Coefficient of Determination (R^2) Model Summary

Model	R	R Square Adjusted	R Square	Std. Error of the Estimate
1	0.656[a]	0.431	0.413	2.412
Predictors: (Constant), Product_Diversification, Cost_Leadership, Strategic_Innovation, Strategic_Planning[a]				

Table 4.2 above shows an overall P-value which less than 0.005 (5%). This shows that overall regression model is significant at the calculated 95% level significance. It further implies that the studied independent variables namely strategic cost leadership, strategic planning, innovation and strategic product diversification have significant effect on organizational performance in oil firms. The regression model summary indicates the coefficient determination R square as 0.431. This means that at 43.1% of the relationship is explained by the identified four variables namely strategic cost leadership, strategic planning, strategic innovation and strategic product diversification. The rest of 56.9% is explained by other factors in oil firms not studied in this research.

4.2.3 Analysis of Variance (ANOVA):

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if p-value was less or equal to 0.05. The significance of the regression model is as per Table 4.3 below, with p-value of 0.000 which is less than 0.05. This indicates that the regression model is statistically significant in predicting the effect of strategic management practices on organizational performance in oil firms in Kenya. Basing the confidence level at 95% the analysis indicates high reliability of the results obtained The overall ANOVA results indicates that the model was significant at F=11.510 , p-value = 0.000, this shows that the overall model was significant and that cost leadership, strategic planning, strategic innovation and strategic product diversification significantly affects organization's performance.

Table 4.3: Anova

Model		Sum of Squares	df	Mean Squar	F	Sig.
1	Regression	576.381	4	144.095	24.771	.000b
	Residual	762.061	131	5.817		
	Total	**1338.441**		**135**		

a Dependent Variable: Performed

b Predictors: (Constant), Product Diversification, Cost Leadership, Strategic_Innovation, Strategic_Planning

Table 4.4: Multiple Regression Analysis Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.662	1.367		5.607	.000
	Cost_Leadership	.009	.189	.009	.049	.000
	Strategic_Planning	.382	.235	.399	1.623	.000
	Strategic_Innovation	.178	.154	.218	1.156	.000

Dependent Variable: Performance

CL = Cost leadership, SP= Strategic planning, SL = Strategic innovation and PD= Product diversification

The general regression Model arrived at was $Y = 7.662 + 0.009X_1 + 0.382_2 + 0.178X_3 +$

$0.418X_4$.

Where

X_1= Strategic cost leadership (CL), X_2 = Strategic planning (SP), X_3= Strategic innovation (SI), X_4 = Strategic product diversification (PD) and Y= Performance of Oil firms in Mombasa County.

Hence; Performance of Oil firms in Mombasa County = 7.662 + 0.009 Strategic cost leadership + 0.382 Strategic planning + 0.178 Strategic innovation + 0.418 Strategic product diversification.

The Beta Coefficients in the regression model show that all of the tested variables had positive relationship with performance of oil firms in Mombasa County with all the variables tested being statistically significant with p-values less than 0.05.

The findings implies that a unit change of X_1(Strategic cost leadership) = 0.009, will results in to 0.009 change in the Performance of oil firms in Mombasa County; X_2 (Strategic planning) = 0.382, will results in to 0.382 change in the Performance of oil firms in Mombasa County; X_3 (Strategic innovation)= 0.178; will results in to 0.178 change in the Performance of oil firms in Mombasa County and finally X_4 (Strategic product diversification) = 0.418, will results in to 0.418 change in the Performance of oil firms in Mombasa County.

The Y- Intercept (β_0 = 7.662), predict that the Performance of oil firms in Mombasa County when all other variables are zero, implying that without the independent variables that include; strategic cost leadership, strategic planning, strategic innovation, strategic product diversification, the performance of oil firms in Mombasa County be 0.573

From the analysis in table 4.14, PD X_4 ($\beta = 0.469$, $p<0.05$) has the strongest relationship with the performance of oil firms in Mombasa in terms of product diversification, followed by SP X_2 ($\beta = 0.399$, $p<0.05$), then SL X_3 ($\beta = 0.235$, $p<0.05$), and finally CL X_1 ($\beta = 0.009$, $p<0.05$). All four variables significantly predicted the performance of oil firms in Mombasa County.

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings:

5.1.1 Strategic Cost Leadership:

From the study the researcher established that strategic cost leadership affects performance of oil firms in Mombasa County. It was noted that effective leadership that motivates, support, communicate and innovative in building up shared behavior, vision, mission, norms and values formation among the employees in a firm. The positive correlation between strategic leadership and performance shown by a correlation figure 0.607 demonstrates that leadership is critical to the planning process for it builds managerial support for the planning process which results in greater support for implementation of the plan that brings internal and external forces must be at forefront and in doing so will be easier in achieving the corporate objectives of employees.

5.1.2 Strategic Planning:

The second objectives of the study was to establish the effect strategic planning and process in strategic management processes. Strategic planning is a disciplined and creative process that helps a firm on how to map its resources to achieve the desired goals within a specified period of time. With support of leaders, participation and involvement of all stakeholders in planning process makes planning process for strategic planning to be effective. The study clearly demonstrates that strategic planning has a high performance than other three variables. And, in all the statements, strategic planning has a strong positive correlation. Which shows that majority of the respondents do agree that strategic planning affects performance of oil firms in Mombasa.

5.1.3 Strategic Innovation:

Third objective of the study was to investigate the effects of strategic innovation affects performance of oil firms in Mombasa County It was noted that innovative strategies are vital elements entrenched in organization structure and it challenges the firms to look outside its established boundaries. Due to its ability to increase the efficiency, it inspires and helps to address emerging challenges by defining new services and products.

5.1.4 Strategic Product Diversification:

The last variable of the study was to determine the effect strategic product diversification on the performance of oil firms in Mombasa County. It is believed that, product diversification, increases the range of a firm's investment opportunities by letting the firm to venture into new sectors of economy which it had no activities (Pawaskar, 2015). From the study, it was established that strategic product diversification plays equally important role in terms of strategic management practices. The study clearly demonstrates the strategic product diversification has the second highest performance with a positive correlation.

5.2 Conclusion:

The results from the instruments used for data analysis and interpretation were recorded. From the research study, it is evident the leadership, planning, innovation and product diversification are the key determinants to the performance in an organization and that the organizations should focus on inline to their vision, mission and goals in order to achieve the set objectives. If these variables are considered in terms of ability to motivate, support, communicate and be innovative in building up shared behavior, vision, mission, norms and values formation among employees will successfully support strategic management practices in oil firms in Mombasa County. The study concludes strategic planning was the key to the performance of organization. It provides a transparent accountability process that is visible to stakeholders and this need to be natured and protected. Leadership commitment is critical to the planning process and managers must exhibit their willingness to demonstrate.

5.3 Recommendation:

5.3.1 Strategic Cost Leadership:

The study found out that the leadership builds managerial support. It is therefore recommended that leaders in oil 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.

5.3.2 Strategic Planning:

The study revealed that among the four variables discussed, strategic planning 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 study also revealed that a part from leadership and planning, innovation and product diversification also posed challenges in strategy management practices. It is therefore recommended that the oil firms adopts policies and procedures that support strategic management practices.

5.3.3 Strategic Innovation:

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.

It is recommended that firm oils organization corporate managers and other key stakeholders have to invest in robust innovation and technological systems that enhances performance which plays a critical part to the economy growth and development.

5.3.4 Strategic Product Diversification:

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 oil firms’ entities to diverge their efforts and intelligence minds in formulating viable decisions and policies that cultivates the culture of performance totality for the organization.

5.3.5 Performance:

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 oil firm’s stakeholders and policy makers have to strategize on vibrant strategies and policies that initiate and promote performance of the organization.

5.4 Research for further Study:

This study focused on effects of strategic management on organization performance, a case study of oil firms in Mombasa County. Since only 43.1% of results was explained by independent variables in this study, it is recommended that a further study be carried out on other factors such as organization structure, infrastructures etc. that might have effect on performance of oil firms in Mombasa County.

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