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INFLUENCE OF SITUATIONAL ANALYSIS ON ORGANIZATIONAL PERFORMANCE IN SUGAR COMPANIES IN WESTERN REGION KENYA

Marita Ingutia Okuyoyi[1], Barrack Otieno Okello[2]

[1]School of Business, Jomo Kenyatta University of Agriculture and Technology, Kenya
[2]School of Business, Jomo Kenyatta University of Agriculture and Technology, Kenya

Abstract: **The sugar sector in Kenya is, however, beset by several governance and management challenges that are manifested in the way decisions are made and implemented by key actors on matters of sugar importation, privatization of sugar mills, negotiations on COMESA and other international agreements affecting the sub-sector. The study sought to assess the influence of situational analysis on organizational performance in sugar companies in Western region, Kenya. The study was guided by the Resource-Based Theory. The study was conducted using descriptive survey design and targeted the management of three sugar sompanies from the region from which a sample size of 54 respondents was drawn form a population of 54 using the census sampling technique. Questionnaires were used to collect data after pilot testing them in a sugar company in Bungoma County. The data was analyzed using both descriptive and inferential statistical methods. From the research findings, the study concluded that situational analysis contributes to increase in organizational performance of sugar companies in the Western Region in Kenya. Correlation analysis on situational analysis and organizational performance of sugar companies in the Western Region in Kenya showed that organizational performance was strongly and positively correlated with situational analysis. Situational analysis is very important and it brings proper perspective to the company with regard to the strategic direction it should take. Correlation analysis on situational analysis and organizational performance of sugar companies in the Western Region in Kenya showed that situational analysis was strongly and positively correlated with organizational performance. From the model generated by the study, situational analysis contributes to organizational performance of sugar companies in the Western Region in Kenya and therefore should be given high priority.**

Keywords: **Organizational Performance, Policy Development, Strategic Management, Situational Analysis, Sugar Companies, Western Region.**

I. INTRODUCTION

Since the turn of the century, managers have been preoccupied with improving operational effectiveness by using different management techniques, such as; total quality management, business process reengineering, customer relationship management, benchmarking that seek to improve operational effectiveness or only certain aspects of companies' performances such as quality, speed, productivity and so on (Manguru, 2011). However, of late the focus has shifted considerably to the all-encompassing practice of strategic management.

Strategic management is about choosing the right place for defining a unique position, making clear trade-offs, a tighter fit, it involves a comprehensive approach to managing all important aspects of the company's internal environment and it therefore significantly differs from other management techniques (Plance, 2015). Nag, Hambrick and Chen (2007) define strategic management as the identification of the purpose of the organization and the plans and actions to achieve the purpose. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise.

Strategic management is an on-going process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment., or a new social, financial, or political environment (Plance, 2015). Strategic management is a comprehensive area that covers almost all the functional areas of the organization. It is an umbrella concept of management that comprises all such functional areas as marketing, finance and accounts, human resource, and production and operation into a top level management discipline (Wheelen & Hunger, 2006). Therefore, strategic management has an influence in the organizational success or failure than any specific functional areas.

Strategic management is different than the routine and operation management, it deals with organizational level and top level issues whereas functional or operational level management deals with the specific areas of the business (Karoki, 2016). According to Nyariki (2013), strategic management defines the purpose of the organization and the plans and actions to achieve that purpose. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise. It involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals.

Strategic management provides overall direction to the enterprise. Firms that pursue sustainable strategic management base the formulation, implementation, and evaluation of their strategies on an analysis of the ecological issues they face, the values they hold that support sustainability, and the ecological interests of their stakeholders. Nickols (2016) in the US reports that "strategic issues," regardless of their importance, typically consume no more than 20 percent of the organization's resources - although they frequently command 80 percent of top management's time and attention. Askarany and Yazdifar (2012), investigating the diffusion of six proposed strategic management tools of the past few decades through the lens of organizational change theory, examined the relationship between the adoption of these techniques and organizational performance in both manufacturing and non-manufacturing organizations in New Zealand. The findings suggest a significant association between the diffusion of these relatively new strategic management tools and organizational performance. Nmadu (2007) study in Nigeria found support for the strategic management and organizational performance.

However, Muogbo (2013) found that despite the fact that strategic management has been identified as veritable tool for improving the competitiveness, performance levels, and structural development of manufacturing firms in Nigeria, strategic management is not yet a common business practice among manufacturing firms in the country. In Ghana, Plance (2015) established that strategic management practices have direct positive relationship with corporate performance. A survey by Gichunge (2007) on manufacturing enterprises in Kenya revealed that the MEs have not adopted any formal strategic management and this affected their overall performance.

Maroa and Muturi (2015), however, observed that flower firms in Kenya that had adopted strategic management practices had experienced a moderate improvement in their performance. These studies point to the fact that strategic management had considerable impact on performance of firms and this depended largely on the way they interpreted and implemented the strategic management practices within their context. The practices of interest to this study are environmental scanning, direction setting, policy development and strategic control.

Strategic Management Practices:

Most industries especially in the developing economies are also characterized by unpredictable and rapid change, which increases uncertainty for individuals and firms operating within them. This requires strategic management practices in order to continuously deal with the changing environment. Strategic management is of critical importance to the performance and growth of the commercial enterprises both big and small (Otieno, 2010). Strategic management practice consists of four basic elements, strategy formulation, implementation, evaluation and control (Wheelen & Hunger, 2008). It is within these four elements that strategic management practices are manifested and is also described as the strategic management process.

Strategy formulation is the development of long-range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses (Wheelen & Hunger, 2008). It includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines. Strategy implementation is the process through which strategies are put into action throughout the organization by deriving short-term objectives from the long-term objectives and further deriving the functional tactics from the business strategy. This process assists management in identifying the specific immediate actions that must be taken in the key functional areas to implement the business strategy (Pearce & Robinson, 2008). Strategy evaluation and control is the process of comparing the actual performance against the desired performance. Strategy evaluation involves setting control processes to continuously review, evaluate and provide feedback concerning the implemented strategies to determine if the desired results are being accomplished such that corrective measures may be taken if warranted (Hill & Jones, 2011; Steiner, 2007). Other dimensions of strategic management include direction setting (Tsuma, 2013) and situational analysis (Manguru, 2011).

The strategic management sets the direction of the firm enabling the organization to meet its financial and non-financial objectives, it enables the company to become competitive through response to market demands, and acts to respond to changing customer's demands and technology (Tsuma, 2013). Situation analysis provides the information necessary to create a company mission statement. Situation analysis involves scanning and evaluating the organizational context, the external environment, and the organizational environment (Coulter, 2005). This analysis can be performed using several techniques. Observation and communication are two very effective methods.

However, strategic management practices have also attracted criticisms among them the view that where thinking is lacking, the traditional strategy formulation process is not up to today's fast and dynamic environment changes as it usually focuses on analyzing the past and it is too static in generating responses to existing' environment conditions (Hammonds 2011). Richardson (2005), however, is of the opinion that while strategic management is not contestable the quality of its actual use is more questionable. It is this latter criticism that is of interest to the present study.

Organizational Performance:

The term organizational performance is used in three time- senses - the past, present, and the future. Firm's performance is the measure of standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance. Performance also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the organization's operations and strategies (Alderfer, 2003).

The concept of organizational performance has been based upon the idea that an organization is a voluntary association of productive assets, including human, physical, technological and capital resources, in order to achieve a common purpose (Barney, 2002). According to Richard et al. (2008) organizational performance encompasses three specific areas of firm outcomes: financial performance - profits, return on assets, return on investment; market performance - sales, market share; and shareholder return - total shareholder return, economic value added. The successful performance of SMEs does not only depend on good economic performance, but rather on the way the entrepreneurs and employees work together and fulfil their activities and objectives in a joint and coordinated basis. According to Roper (2008), the entrepreneur is the development lever that determines whether any business venture will succeed or fail

The Sugar Industry in Kenya:

Sugarcane growing in Kenya plays a very important role in the country's economy. The sugar sub-sector contributes about 15% of the agricultural gross domestic product (GDP). Sugarcane production has been improving over the years in Kenya. This has been attributed mainly to the increase of total land brought under cane production. Total area under cane production in Kenya as at March 2013 was 206,809 hectares. The country projects more areas to be under cane production and the yields are projected to increase as a result.

The area under cultivation and yields by 2014 was estimated at 224,925 hectares and 100 tonnes per hectare respectively (KSB, 2015). The sugarcane growing is comprised of both the smallholder farmers as well as the nucleus estates commissioned by the sugar factories. The smallholder farmers supply 92%of the sugar milled in the country and the rest is provided by the nucleus estates (KSB, 2010). The smallholder farmers comprise about 85% of the cane growers in the country (GoK, 2007).

Although consumption of sugar in the country exceeds production, the deficit is supplemented by imports from countries in the Common Market for Eastern and Southern Africa (COMESA) trade bloc. The sugar sub-sector has led to the existence of eleven (11) operational sugar mills in the country (MAFAP, 2013). These industries help the country in solving the problem of high unemployment of its citizens notably because agriculture is the mainstay of the Kenya's economy, supporting at least 25% of Kenyan population. This population relies directly or indirectly on the sub-sector for their livelihoods (KSB, 2010).

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The roles of the sugar industry in Kenya are tremendous, with more potential of the sub-sector to greatly contribute to the nation's economy. These economic contributions of the sector do call for studies, policies and research to ensure the sector remains competitive in the economy (Monitoring African Food and Agricultural Policies (MAFAP, 2013). However, the industry still faces considerable challenges some of which have been rolled over for the last two decades as they have not been fully addressed.

According to Kariuki (2012), the threats can be summarized as: Policy and marketing problems related to inability of factories to market locally produced sugar in the face of dumped imports; Poor cane husbandry practices leading to low yields at farm level in quantities per ha and in sucrose content, and; Low productivity levels at factory level leading to low sugar yields, capacity under-utilization and, hence, low income to farmers. This in turn negatively affects cane husbandry practices. In addition, there are other emerging challenges which include; Competition from foreign producers arising from economic liberalization; Decline in productivity at farm level; Decline in productivity and efficiency at factory level, and; Failure in Institutional structures, processes and policy to address current issues in the sugar industry.

II. STATEMENT OF THE PROBLEM

The sugar sector is a great case study of Kenya's development challenges and opportunities. However, the quality of management is mixed and is holding the sector back. As in many other sectors of Kenya's economy (especially agriculture and industry), what needs to be done is clear, except it is just not being done. According to a study carried out by the Kenya Anti-Corruption Commission (2010), there are several challenges facing the sugar sub-sector among them low productivity, un-competitiveness, poor governance, corruption and weak policy and legal framework. The level of productivity as major area of concern in the sugar industry is which determines the level of profitability, distinctively between the sugar mills and the out growers (who are mainly the smallholder farmers). Managerial practices in the cane industry have more of negative impacts on the industry. The traditional strategy formulation process is not up to today's fast and dynamic environment changes as it usually focuses on analyzing the past and it is too static in generating responses to existing' environment conditions. If a strategic direction is too detailed, then the company may not be able to adapt when unforeseen changes arise. There is also an increased internal and external uncertainty due to emerging opportunities and threats, lack of awareness of needs and of the facilities related to issues in environment and lack of direction. It is observed that bureaucratic systems of the smallholder farmers who operate on contractual basis are very lengthy and this tends to demotivate the farmers from engaging into cane farming. These findings echoed those of the KACC (2010) which concluded that corruption and mismanagement permeate nearly all the institutions connected to the sub-sector. Several studies have been conducted to support these earlier findings observing that the sector was plagued by ethical, managerial and political factors that harmed its performance. However, these studies did not explicitly link strategic management practices with the challenges the sugar industry was facing. It is against this background that the study sought to establish the influence of strategic management practices on organizational performance of the sugar industry in Kenya focusing on the Western Region in Kenya.

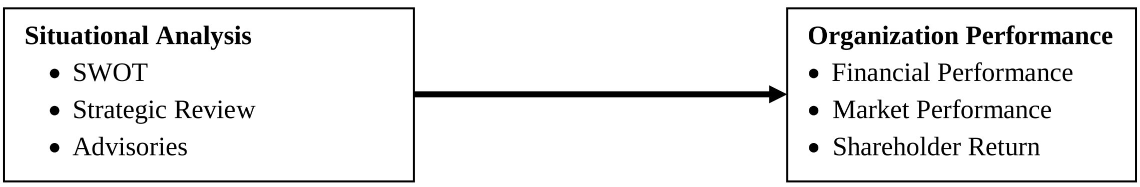
III. OBJECTIVE OF THE STUDY

The main objective of the study was to establish the influence of situational analysis on organizational performance of sugar companies in Western Region Kenya

IV. RESEARCH HYPOTHESIS

Situational analysis has no significant influence on organizational performance of sugar companies in the Western Region in Kenya.

V. CONCEPTUAL FRAMEWORK



Independent variables **Dependent Variable**

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VI. THEORETICAL FRAMEWORK

The Resource-Based Theory:

This theory was first authored by Wernerfelt (1984) and later reviewed by other contributors who expounded on the influence that both tangible and intangible assets have on the performance of an organization (Crook, Ketchen, Combs, &Todd, 2008). The Resource Based View theory magnifies the importance of internal resources within the firm and the use of these resources in formulating strategy to achieve sustainable advantage within the firms' competitive markets.

According to the RBV, a firm's internal capabilities determine the strategic choice it makes in competing in its external environment. This is in line with the influence that strategic management practices have on the performance of a firm. Closer within the context of the sugar industry, the RBV is used to identify and explore man-power expertise and strategic planning systems that can help sugar processing firms manage present projects and grab future business opportunities, therefore, increasing the firm's portfolio. Capabilities, resources and knowledge acquired over time create options for future business exploration and gives a firm leverage over its competitors (Kogut & Kulatilaka, 2001).

Within the context of the construction industry these may include, plant and machinery, planning and schedule templates, cost and financing models, professional consultants and knowledge workers as well as certified organizational processes and best practices. Loasby (2002) explores the view that investments in resources and capabilities are choice decisions made in the context of uncertainty and that it is the combination for these factors that make real options potentially valuable. In his earlier work, Wernerfelt (1984) highlighted four issues that the RBV addresses the argument of assets and capabilities is clarified by Galbreath (2005) who explains that assets are what a company "has" or owns while capabilities are what a company "does" both of which can form the basis for long term planning and strategic mapping resulting in economic success of the firm.

To explain the combination of assets and capabilities further, Barney and Wright (1998) attempt to link the core resource of human capital and the competency levels and skill sets that the personnel bring on board. For this reason, there is a strong link between the corporate strategy of a firm and that of learning and development processes defined at the business level because as argued by Senge (1990), human resources play a crucial role in the attainment and success of a firm's core objectives. The resources and capabilities possessed by a company are linked to the business environment by the firm's business processes such as material purchasing, product manufacturing and service providing (Ray et al. 2004).

Performance of a firm whether short term or long term can be influenced by the exploitation of resources and capabilities that are deemed to be valuable and rare offering a greater advantage and provide leverage towards the attainment of the firm's strategic goals (Barney 1991). Therefore, to improve the performance of the company, the approaches within the RBV help define and exploit the resources within the firm that are both valuable and rare and dictate that these resources should be both incomparable and non-substitutable in order to sustain market advantage.

VII. EMPIRICAL REVIEW

Situational Analysis and Organizational Performance:

The fast-changing environment and people lifestyles are demanding regular analysis to provide one with a snapshot of where his/her company is placed in the business environment, and to present him/her with the opportunities to develop and enhance growth. In real life, or in corporate life, Situation analysis helps define where the firm is standing currently, and what should be its actions to progress further. Situation analysis also means forecasting the results if a decision is taken in any direction (Bhasin, 2016). Regardless of whether the firm is planning to introduce a new service/product in the market, or if it needs finding which its strengths and weaknesses regarding, a micro as well as macro environmental factor analysis can indicate the strategies which you should follow (Brad & Brad, 2015). This is the purpose of the Situation Analysis. Strategic management consists of the analysis, decisions, and actions an organization undertakes in order to create and sustain competitive advantages (Barney & Hesterly, 2006). The strategic management process is a sequential set of analyses and choices that can increase the likelihood that an organization will choose 'good strategy', that is, that generates competitive advantages.

Strategic management process is external and internal analysis, also called SWOT Analysis. Based on SWOT Analysis, organizations can choose the appropriate strategy (Gürel & Tat, 2017). SWOT analysis is the main instrument of "Design School Model" which was proposed by Henry Mintzberg. Mintzberg, classified strategic management into schools of thought; Prescriptive Schools-design school, planning school, positioning school-, Descriptive Schools -entrepreneurial school, cognitive school, learning school, political school, cultural school and environmental school-.

Each school has its distinctive strategy formation process, only the prescriptive schools have developed their own specific sets of strategic management instruments. The design school model places primary emphasis on the appraisals of the external and internal situations, the former uncovering threats and opportunities in the environment, the latter revealing strengths and weaknesses of the organization (Kraus & Kauranen, 2009; Sarbah & Otu-Nyarko, 2014). By conducting an external analysis, an organization identifies the critical threats and opportunities in its competitive environment. It also examines how competition in this environment is likely to evolve and what implications that evolution has for the threats and opportunities an organization is facing (Gretzky, 2010). While external analysis focuses on the environmental threats and opportunities facing an organization, internal analysis helps an organization identify its organizational strengths and weaknesses. It also helps an organization understand which of its resources and capabilities are likely to be sources of competitive advantage and which are less likely to be sources of such advantages (Coulter,2008).

Being based on both the internal and external environment, situational analysis tells one what is his/her organization's and product's position and the options that at his disposal to develop it further. It can be said to be a very complex type of analysis and generally speaking, every business plan, depending on its purpose, is going to include the situational analysis concept. In this respect, one needs to take a look at your current product, target market, distributor network, competitors, financial analysis and external forces. These factors can be looked into and evaluated using different models which provide a structural way of thinking, in order to avoid confusion (Pakkanen, 2012).

The situation analysis, similar to the market analysis is a concept, comprising different theories such as: the 5C's, SWOT analysis, Porter's Five Forces and PEST Analysis. Some marketers affirm that general situation analysis can be summarized in a SWOT format. However, from other experts' point of view, it will be incorrect to look at the SWOT as a result of the situation analysis instead of as a component of it (Ülgen & Mirze, 2010). The 5C's involve in-depth knowledge of the company, competitors, customers, collaborators and climate. Beginning by focusing on the company's mission, vision and goals, its position into the market - which can be easily evaluated through the marketing mix-, its performance in order to identify how successfully is the business fulfilling their goals and strategies, and the last one consisting in its product/service line (Abubakar, 2010).

For an objective situational analysis, the firm must first understand its external and environment characteristics. External environments comprise of factors existing outside the organization. Regardless the industry, these factors will have enormous effect on any firm's growth and survival (Kraus & Kauranen, 2009). Firms have to be aware of the conditions in its external environment and firms have to identify and understand the most significant threats and opportunities in its external environment that influences the company. External environments consist of many different factors comprising an enormous entity, including political, sociological, demographical, global and technological factors, customer preference and related industries factors, to name a few.

External environments can be divided into three major areas including general, industry and competitor environments (Lynch, 2006). Following the evaluation of the firm's external environment, it is important to assess the competitors through Porter's Five Forces. On the background of analyzing the customers, variables such as customer buying behavior, distribution channels, quantity and frequency of purchase, income level, market size and potential growth are just some of them on which we should concentrate for a reliable analysis (Bhasin, 2016). The last two components of the 5C's are the collaborators, major consolidating part in every business as they increase the likelihood of enhancing development and gaining more growth opportunities, and the climate. The climate refers to the macro-environmental factors which can be structured in the PEST analysis. Finally, a SWOT analysis will help exactly define the strengths, weaknesses, opportunities and threats that face the company and the future actions can be taken after taking help of the SWOT analysis and considering the exact situation the company is in (Gürel & Tat, 2017).

The internal environment contains factors that have influence on a company's resources. According to Hitt et al. (2007), the resources are the sources of capabilities, some of which lead to development of the firm's core competences or its competitive advantage. Internal and external environments have to meet each other in the way that the firm can build a strategy that can lead to competitive advantage and above-average earnings. External environments can create opportunities and threats for a firm but internal environmental conditions can turn these opportunities and threats to competitive advantage by using the organization's capabilities, unique resources and core competencies. Internal environment focuses on the firm's capabilities and core competencies, which can be identified and understood by using concepts of value chain and core competencies (Barney, 2007). While the concept has clear advantages in terms of helping the management identify the firm's current position on the market with all its capabilities and resources as well as further opportunities to develop, the situation analysis can also have some disadvantages, mainly consisting in the misinterpretation of collected data (Pakkanen, 2012). While some of the components of the concept involve quantifiable data, other parts are represented solely by qualitative data. Therefore, depending on the person in charge to perform this situation analysis, the interpretation can take different forms. In order to avoid it and obtain as clear a snapshot as possible, observations of all the department of the company and collaboration between them should be taken into consideration (Abubakar, 2010).

A study by Efendioglu and Karabulut (2010) on the impact of strategic planning on financial performance of companies in Turkey found that as much as there was a greater attention to the competitive environment and its dynamics, the use of strategic and analytical tools was very limited and significantly lower in the domestic firms as compared to the subsidiaries of foreign firms. Most domestic firms frequently used were critical success factors analysis, economic forecasting and SWOT analysis as their strategy analysis and development tools, though SWOT analysis was the least used of the three. This was not the case, however, among foreign based firms which seemed to prefer SWOT analysis over critical success factors analysis and BCG growth share matrix analysis.

Nwakoby, Ezejiofor and Ajike (2017) sought to establish the effect of SWOT Analysis on performance of manufacturing firms in Nigeria. The study revealed that SWOT analysis has a significant effect on the performance of business organizations in Nigeria and that the use of SWOT analysis will enable an organization in seizing opportunity and avoiding threats existing within the environment. This implied that firm's strengths are related to their financial resources and the weaknesses are related to the firm's management, with the external environment of a business while strengths and weaknesses are associated with internal environment of the business. Consequently, external analysis examines opportunities and threats that exist in the environment while internal analysis examines strengths and weaknesses within the business with a view of to using these to combat the external forces. Mwangi (2015) investigated the internal and external factors that affect the performance of bancassurance in commercial banks in Kenya.

The study revealed some of the strengths of bancassurance to be the growing insurable population and an increase in middle class segment in Kenya; the weaknesses of bancassurance to be an unsupportive Information Technology culture and the poor goodwill of customers towards insurance; the opportunities of bancassurance to be the enormous database on clients and the liberalization of the insurance sector and the threats of bancassurance to be the current thinking and work culture in the banks and a fierce competition from other providers such as brokers.

The study also showed that the performance of bancassurance is on its early stages of growth. It found that bancassurance has recently been taken up by most banks most of which have been functioning for only one year. The strengths, weaknesses, opportunities and threats identified will be used in the strategic plan of the banks to improve performance both directly in terms of financial growth and indirectly through efficiency, cost and market structure.

VIII. RESEARCH METHODOLOGY

The study adopted descriptive survey research design. In descriptive research, the purpose is to produce an accurate representation of persons, events or situations while explanatory research focuses on studying a situation or a problem in order to explain the relationships between variables (Creswell, 2013). The target population of the study will focus on three sugar processing factories that is Muhoroni and Chemelil in Kisumu County and Mumias in Kakamega County. The target population for this study will be top management, middle-level management and lower level management. These are about 54 persons in the three firms. This population is chosen because it will be highly accessible given that most have their offices within the factory premises. Censnus sampling was used where all the respondents were involved in the research. The study used self-administered questionnaires as data collecting instruments. Closed ended items were used in the questionnaire. The selection of these tools was guided by the nature of data to be collected, time available and the objectives of the study. Questionnaires were tested for validity and reliability. Cronbach's alpha was used totest the reliability of the questionnaire. Data was edited and coded before entering the same into the computer software, Statistical Package for Social Sciences (SPSS). The data was then analyzed using both descriptive and inferential statistical methods. The descriptive statistics involved the use of frequencies and percentages which helped provide the basic characteristics of the data. Inferential statistics involving the use of correlation and multiple regression were used to determine the nature of the relationship between the variables.

IX. DATA ANALYSIS AND PRESENTATION

The researcher sent out a total of 54 questionnaires to the staff of the sugar companies in Western Region Kenya**.** Out of the 54 questionnaires, 42 were duly returned in time for data analysis representing a response rate of 78%.

9.1 Descriptive Statistics:

9.1.1 Situational analysis

Table 1: Situational analysis

Items	SA	A	N	D	SD	(mean) µ	s.d (σ)
We constantly carry out SWOT analysis of our firm to determine our position	0(0%)	11(26%)	7(17%)	24(57%)	0(0%)	3.40	0.471
We try to involve everyone in the firm when carrying out the SWOT analysis	0(0%)	21(50%)	5(12%)	2(5%)	14(33%)	3.12	0.497
The management facilitates the SWOT reviews	0(0%)	14(33%)	5(12%)	12(29%)	11(26%)	2.59	1.296
We carry out constant strategic reviews to track our progress	0(0%)	17(40%)	13(31%)	0(0%)	12(29%)	3.57	0.712
Strategic reviews help us in determining our competitive position	0(0%)	12(29%)	8(19%)	0(0%)	22(52%)	3.33	0.409
We are keen to ensure that all strategic review advisories are not overlooked	13(31%)	13(31%)	6(14%)	7(17%)	3(7%)	3.02	.523
We ensure that the results of the SWOT analysis are well canvassed in the organization	14(33%)	12(29%)	13(31%)	3(7%)	0(0%)	3.92	0.894
Overall mean						**3.28**	**0.686**

On situational analysis, the respondents agreed fairly that it has a relationship with the organizational performance of the sugar companies in Western Region in Kenya (mean 3.28, SD = 0.686). We constantly carry out SWOT analysis of our firm to determine our position had 11(26%) of the respondents agreeing, 7(17%) being neutral, and 24(57%) disagreeing. We try to involve everyone in the firm when carrying out the SWOT analysis had 21(50%) of the respondents agreeing, 5(12%) being neutral, 2(5%) disagreeing, and 14(33%) strongly disagreeing. The management facilitates the SWOT reviews had 14(33%) of the respondents agreeing, 5(12%) being neutral, 12(29%) disagreeing, and 11(26%) strongly disagreeing. We carry out constant strategic reviews to track our progress had 17(40%) of the respondents agreeing 13(31%) being neutral, and 12(29%) strongly disagreeing.

Other results were strategic reviews help us in determining our competitive position which had 12(29%) of the respondents agreeing, 8(19%) being neutral, and 22(52%) strongly disagreeing. We are keen to ensure that all strategic review advisories are not overlooked had 13(31%) of the respondents strongly agreeing, 13(31%) of the respondents agreeing, 6(14%) being neutral, 7(17%) disagreeing, and 3(7%) strongly disagreeing. We ensure that the results of the SWOT analysis are well canvassed in the organization had 14(33%) of the respondents strongly agreeing, 12(29%) of the respondents agreeing 13(31%) being neutral, and 3(7%) disagreeing.

The results agree with those of Gretzky (2010) who found that external analysis enables an organization identify the critical threats and opportunities in its competitive environment. It also examines how competition in this environment is likely to evolve and what implications that evolution has for the threats and opportunities an organization is facing. External environments comprise of factors existing outside the organization. Regardless the industry, these factors will have enormous effect on any firm's growth and survival (Kraus & Kauranen, 2009). Firms have to be aware of the conditions in its external environment and firms have to identify and understand the most significant threats and opportunities in its external environment that influences the company.

9.1.2 Organizational Performance

Table 2: Organizational Performance

	SA	**A**	**N**	**D**	**SD**	**(mean) µ**	**s.d (ɗ)**
Our organization experienced high budget variances in the last reporting period	32(76%)	10(24%)	0(0%)	0(0%)	0(0%)	4.76	0.868
Based on the last audit report, our firm performed well	0(0%)	13(31%)	10(24%)	9(21%)	10(24%)	2.57	0.558
All of our strategic plans are completed in good time	14(33%)	21(50%)	7(17%)	14(33%)	21(50%)	2.19	0.562
We have accrued very minimal debts in the last 3 years	0(0%)	13(31%)	7(17%)	3(7%)	19(45%)	2.17	0.503
All funds are often allocated adequately as per the votes	4(10%)	0(0%)	10(24%)	14(33%)	14(33%)	2.23	0.833
0We seldom request for extra funding for our projects as we are able to keep within the budget	0(0%)	2(5%)	11(26%)	17(40%)	12(29%)	3.01	0.976
We have been able to achieve most of our performance targets in good time	0(0%)	7(17%)	5(12%)	16(38%)	14(33%)	3.33	0.874
Overall mean						**2.89**	**0.739**

The respondents agreed that the organizational performance in the sugar companies in Western Region in Kenya is fair (mean 2.89; SD = 0.739). Our organization experienced high budget variances in the last reporting period had 32(76%) strongly agreeing, and 10(24%) agreeing. Based on the last audit report, our firm performed well had 13(31%) of the respondents agreeing, 10(24%) being neutral, 9(21%) disagreeing, and 10(24%) strongly disagreeing. All of our strategic plans are completed in good time had 14(33%) of the respondents strongly agreeing, 21(50%) agreeing, 7(17%) of the respondents being neutral, 14(33%) disagreeing, and 21(50%) strongly disagreeing. We have accrued very minimal debts in the last 3 years had 13(31%) of the respondents agreeing, 7(17%) being neutral, 3(7%) disagreeing, and 19(45%) strongly disagreeing. All funds are often allocated adequately as per the votes had 4(10%) of the respondents strongly agreeing, 10(24%) being neutral, and 14(33%) disagreeing and strongly disagreeing, respectively. We seldom request for extra funding for our projects as we are able to keep within the budget had 2(5%) of the respondents agreeing, 11(26%) being neutral, 17(40%) disagreeing, and 12(29%) strongly disagreeing. We have been able to achieve most of our performance targets in good time had 7(17%) of the respondents agreeing, 5(12%) being neutral, 16(38%) disagreeing, and 14(33%) strongly disagreeing.

9.2 Correlation Analysis:

In this subsection a summary of the correlation analyses is presented. It seeks to first determine the degree of interdependence of the independent variable and also show the degree of their association with the dependent variable separately. These results are summarized in Table 3 below.

Table 3: Correlations between the independent and the dependent variables

		Situational Analysis
Organizational performance	Pearson Corr.	.437**
	Sig. (2-tailed)	.001

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

At the 0.05 significance level ($r=0.437$, $p<0.05$), there is a statistically significant relationship between situational analysis and organizational performance of sugar companies in the Western Region in Kenya. It is thus inferred that situational analysis predicate organizational performance of sugar companies in the Western Region in Kenya. Situational analysis has a positive relationship with Organizational performance of sugar companies in the Western Region in Kenya. The results agree with those of Gretzky (2010) who found that external analysis enables an organization identify the critical threats and opportunities in its competitive environment. It also examines how competition in this environment is likely to evolve and what implications that evolution has for the threats and opportunities an organization is facing. Also, Kraus et. al. (2009) found that regardless the industry, these factors will have enormous effect on any firm's growth and survival. Firms have to be aware of the conditions in its external environment and firms have to identify and understand the most significant threats and opportunities in its external environment that influences the company.

X. CONCLUSIONS AND RECOMMENDATIONS

From the research findings, the study concludes that situational analysis contributes to increase in organizational performance of sugar companies in the Western Region in Kenya. Correlation analysis on situational analysis and organizational performance of sugar companies in the Western Region in Kenya showed that organizational performance was strongly and positively correlated with situational analysis. Situational analysis is very important and it brings proper perspective to the company with regard to the strategic direction it should take. Correlation analysis on situational analysis and organizational performance of sugar companies in the Western Region in Kenya showed that situational analysis was strongly and positively correlated with organizational performance. From the model generated by the study, situational analysis contributes to organizational performance of sugar companies in the Western Region in Kenya and therefore should be given high priority.

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