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Role of Strategic Management Practices in Organizational Performance in the Public Sector in Kenya: Case of Kenya Rural Roads Authority

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Abstract: **The purpose of this study was to determine the role of strategic management practices in organizational performance in public sector in Kenya. Four specific objectives formed the basis of study and these were: to examine the effect of strategic leadership, strategic planning, strategic innovation and strategic quality management on firm's performance in public sector in Kenya. The theories included: stakeholder theory, goal theory, fit theory and Juran's Approach to TQM theory. The target population was considered to be 148 employees from Kenya Rural Roads Authority. However, the respondents were selected from different departments of procurement, finance, human resource management and corporate services. The sample size of the study was considered to be 60 employees within the Kenya rural roads authority which was arrived at in reference to other scholar's provisions. Quantitative research design was adopted for the study. The questionnaire was used as the data collection instrument. Data analysis and interpretation was also performed based on descriptive statistics as well as inferential statistics mainly regression analysis, Pearson correlation and alpha Cronbach which were used to test reliability and validity of the instruments. The finding indicated that strategic leadership, strategic planning, strategic innovation and strategic quality management had impacted majorly in organizational performance and so strategic management practices plays a great role in organizational performance. The study recommended training, skill development and strategic approaches in strategic management practices.**

Keywords: **Leadership, Planning, Strategy and Innovation and Quality Management.**

1. INTRODUCTION

In today's fast changing economic situation, every company is trying to assess its performances regularly. In order to survive companies are taking steps to expand by accessing new markets; making product and price more attractive; satisfying customer's; developing new strategies. Thus, managers and executives of the companies looking for a suitable tools and techniques in order to investigate the internal and external cost of the products/service, get market information, product costs, analyze customer needs and wishes, predict and assess organizational performance, as well to ensure competitive advantage in production activities (Brown, 2009).Strategic Management can be defined 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(Porter, 2011). 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(Dean, 2011). Strategic Management defines the purpose of the organisation 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 (Kitetu,2015). 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.

Statement of the problem:

The relationship between strategic management and public sector performance continue to be singled out as important in research and practice, given the perceived weakening of traditional sources of performance on one hand (Youndt et al. 2010), and the need for public sector to adapt to the highly dynamic and competitive business environment, in order to perform and remain relevant (Bryson, 2008). Equally, several works on synergy, configurations, and contingent factors reiterate the presumption that the interaction among a combination of factors can impact significantly on public sector performance (Barney, 2011).From the organizational context, it can be observed that people do not resist change but they resist to be changed (Northouse, 2004). A study by Mbogo (2003) established that 78% of the public sector experiences hiccups during strategic management practices. According to the Government of Kenya Sessional Paper (2014) on the reforms and performance efficiency of the public sector, it established that low adoption of strategic management practices among public sector in Kenya has led to failure to realize effective firm's performance. Many public sectors in Kenya have had many scandals. The scandals in these public sector have brought to the fore the issue of the stability, brand image, accountability, trust, ethics and reputation of the public sector and the role of the government as an effective regulator (Safieddine, & Rabbath, 2008).

However, Galbreath (2010) asserts that the conceptual links between strategic management practices and performance of public sector have little or no empirical verification. Similarly, most theoretical and empirical researches that have been done focused the studies only on the relationships between performance and corporate financial performance (Lee, 2008).The growth of performance of public sector has received a lot of attention from the government, the media and researchers but the reasons for the public performance still remain a dilemma. The Kenyan market environment has continued changing and becoming turbulent. Hence to maintain a steady corporate image, public sector need to determine and analyze environmental dimensions and establish performance of public sector to mitigate changing market needs (Wachira, 2014).

In view of the many challenges that business organizations are exposed to, it is imperative for them, both profit and nonprofit organizations, to anticipate challenges, identify their strengths to meet anticipated challenges and take control of available opportunities to obtain maximum productivity Donaldson, (2006).Unfortunately, in most organizations, especially in the public sector, strategic plans are not carried out and implemented properly. Some public organizations do not attach any importance to strategic planning and therefore do not have strategic plans for their organizations Bryson, (2013). This could be borne out of lack of appreciation and knowledge of the relevance of strategic planning to organizational growth. In an attempt to address this unfortunate development, there is the need to critically assess the relevance of strategic planning on organizational growth in the public sector to enable management appreciate its worth in gaining competitive advantage at the market place.

Objectives:

1. To determine the role of strategic leadership in the organizational performance of Kenya Rural Roads Authority.
2. To establish the role of strategic planning in the organizational performance of Kenya Rural Roads Authority.
3. To find out the role of strategic innovation in the organizational performance of Kenya Rural Roads Authority.
4. To determine the role of strategic quality management in the organizational performance of Kenya Rural Roads Authority.

2. THEORETICAL REVIEW

Stakeholder Theory:

Stakeholders are considered to be entities that are affected in various ways by the undertakings of an organization. Friedman, (2006) argued that organizations should consider the interests of stakeholders because they influence the performance of firms in various ways. Mitchell &Cohen (2006) highlights that stakeholders bear some risks as a result of their direct or indirect investment in a particular organization. A firm is therefore an interrelationship of various stakeholders who influence the organization both externally and internally. It is stated that in an organization, stakeholder can either be primary or secondary depending on their relationship with the organization. This is because organizations

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are different and they harbour different interests. Organizations should develop tactics to respond to the needs of stakeholders in order to prevent the negative effects of stakeholders' activities. Stakeholders are very important for organizations because they interact with the organization on a day to day basishence they have a very big influence on the affairs of the business (Fassim, 2008). Stakeholders can either take a cooperative potential or a competitive threat depending on how an organization treats them. Organizations should develop strategies for stakeholder management such as leading, educating, collaborating, defending, educating and motivating stakeholders Enz,(2008).

Goal Setting Theory:

Fred (2011) argued that Goal Setting theory highlights the positive relationship between goals and performance. It provides that performance in organizations is enhanced when goals are specific and challenging. Goals are also used in organizations to evaluate performance. Morelli & Braganza (2012) stated that manages have a general agreement that goal setting improves performance and this is why they come up with goal based programs such as Management by Objectives (MBO), high-performance work practices (HPWPs), Management Information Systems (MIS) and strategic planning. Goal setting theory is among some of the motivational theories that assert that staff should be motivated into achievement of the stated goals.

Fit Theory:

This theory originates from the contingency theory which provided the framework for the study of organizational design by stating that the best organizational structural design is the one whose structure fits with the organization's contingencies Donaldson, (2006). Structural adjustment to regain fit theory (SARFIT) is a higher level theory of changes in the structure of organizations as aresult of contingency-structure matches. Desanchs &Obel (2006) supported the theory by stating that organization's need to get away from mechanistic to organic structures in order to respond to technology and market changes in the environment. Donaldson, (2009) asserted that SARFIT gets organizations from their disequilibrium through investing surplus resources from the fit based higher productivity to improve performance. According this theory, fit and misfit are semi-permanent states which propel structural adaptation to fit which then leads to further expansion and misfit. This system is repeated over time with movement to misfit resulting to increase in contingency factors like size.

Juran's Approach to TQM Theory:

Juran, (2011) defines quality as fitness for use in terms of design, conformance, availability, safety, and field use. Thus, his concept more closely incorporates the viewpoint of customer which is prepared to measure everything and relies on systems and problem-solving techniques. Unlike Deming, he focuses on top-down management and technical methods rather than worker pride and satisfaction.TQM is the system of activities directed at achieving delighted customers, empowered employees, higher revenues, and lower costs Gryna, (2010). Juran believed thatmain quality pr1blems are due to management rather than workers. The attainment of qualityrequires activities in all functions of a firm..

Conceptual Framework:

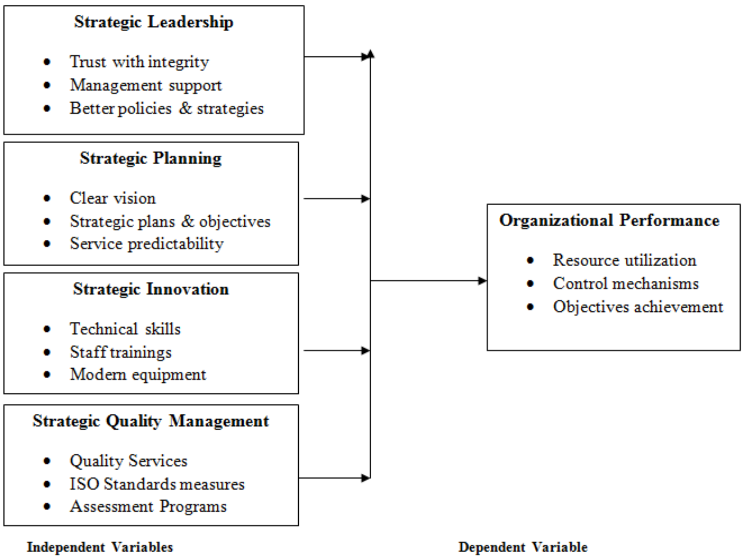

Figure 2.1 Conceptual Framework

Critique of the Existing Literature:

Murasiranwa, (2010) studied public sector quality and performance and established that public sector managers should take responsibility for lack of performance in their public sectors. This is because although all the managers studied identified contextual constraints such as competition, budgetary issues, high staff turnover and reward schemes, there was one clear factor that all constraints except for competition are controllable. Thus, failures and plans in implementation could be attributed to human actions.Iravo et. al., (2013) studied factors affecting performance of public sector in Kenya and concluded that factors for successful and sustainable performance of public sector relies on top management ability to strategically analyze both external and internal environment and plan for strategic service offerings.

Research gaps:

Various scholars over the past few years have studied the influence of strategic management practices on performance of public sectors in Kenya identifying some research gaps for further studies. Obwocha (2015) studied the effect of leadership strategy on the performance of public sector in Kenya and asserted that a lot of importance was attached to competitiveness of private sector. The study did not cover the top public sectors in other areas of Kenya but it recommended a study on competitive strategies and therefore this study represented an important contribution to this area. Wadongo et.al, (2010) studied leadership roles and choice of performance measures in the Kenyan public sectors by testing the influence of a specific public sector performance. The study however left out the influence of other strategies on performance of public sectors but this study tested the influence of the conceptualized four strategic management practices at the same time.

3. RESEARCH METHODOLOGY

The research design used in this study was descriptive research design. The study will target 148 employees of KERRA from departments of Human Resource, Finance, Procurement and Corporate Services. The researcher used questionnaires as research instruments to collect data to study. Randomly sampling technique will be used. The statistical Package for Social Sciences (SPSS) was used for data analysis purpose.

Model:

Multiple regressions

$\mathbf{Y=\alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3+ \beta_4X_4\ \varepsilon}$
Y = Represents the dependent variable, performance
$\boldsymbol{\alpha}$= Constant
$\boldsymbol{\beta_1, \beta_2, \beta_3, \beta_4}$= Partial regression coefficient
$\mathbf{X_1}$ = Strategic Leadership
$\mathbf{X_2}$= Strategic Planning
$\mathbf{X_3}$= Strategic Innovation
$\mathbf{X_4}$= Strategic Quality Management
$\boldsymbol{\varepsilon}$ = error term or stochastic term

4. RESULTS AND DISCUSSION

Regression Results:

Overall Regression coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
	(Constant)	1.149	.340		3.382	.001		
	Strategic leadership	.080	.102	.111	.783	.438	.866	1.155
	Strategic planning	.104	.107	.145	.978	.333	.803	1.245
	Strategic innovation	.112	.111	.136	1.014	.315	.983	1.017
	Strategic quality management	.150	.091	.228	1.642	.107	.911	1.098
a. Dependent Variable: Organizational performance								

The results in Table above indicate that there is a positive and significant relationship between organizational performance (dependent variable) and strategic leadership, strategic planning, strategic innovation, strategic quality management (explanatory variables). From the finding, the overall model obtained is expressed as:

$Y=1.149+-0.080X_1+ 0.104X_2+0.112X_{3+}0.150X_4$

These were supported by beta coefficients of0.111, 0.145, 0.136 and 0.228 respectively. This result shows that a change in either of the variables will definitely lead to a positive change in organizational performance.

5. CONCLUSION

The study concludes that' strategic leadership had influence on organizational performance of Kenya rural roads authority. The findings indication on the several factors of strategic leadership showed that it had a positive relationship in organizational performance and showed that it is relevant for organizations to understand the role of strategic leadership in organizational performance. The study also concludes that there exist a significant relationship between strategic innovation and organizational performance, since the findings reveals how technology has largely impacted in the new economy; it helps to cut down the cost of production and create new markets for organizations which place in a better position to compete internationally. Innovation is the best way an organization can use to challenges its competitors by far and improves its general income. It was revealed from the study that strategic quality management was directly related to organizational performance since it defended the consumer need and rights as well as the public interest as per the policies and guidelines to the requirements of meeting standards in any product development, consumption and service delivery. Quality management is the major challenge therefore; companies must work towards winning and completely win back clients.

6. RECOMMENDATION

The study recommend that since organizations such as rural roads authority that are able to secure grants and need to make stringent decisions on how to efficiently and effectively use the money for development should employ strategies to help serve its customers, should arrange mechanisms to improve technical and business skills of taking such risks through more training and skills development. This will enhance their business skills to overcome the challenges in front of them.

The study also recommends that strategic innovation mechanisms be employed to the standards of the latest technology and based on the policies of the organization to make it profitable and not a liability. Innovation has the capability to develop new products and services, when and how to implement such strategies need to be put into consideration for successful outcome.

Finally, the study recommend that progresses observed in improving organizational performance and profit maximization through organizations can be further enhanced through various ways of improving and maintaining the quality of products and services offered, some of the strategies that are proven to be working are; quality control, quality assurance and legal quality policies applied to all organizations especially in the construction industry like the Kenya rural roads authority.

Suggestions for Further Research:

For the substantial body of research into strategic management practices, an important implication of this study is that differences in management structures from different business or organizations may account for the mixed findings of the empirical tests of the strategic management practices in organizational performance linkage. The study suggests that management structures may be of significant .Therefore, management structures, besides Kenya rural roads authority and their influence in other areas, besides strategic management practices, could be promising directions for future research.

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