INFLUENCE OF STRATEGIC LEADERSHIP DETERMINANTS ON ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF THE NATIONAL CEMENT COMPANY LIMITED, KENYA

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Accepted: September 12, 2019

ABSTRACT
Cement industry in Kenya is facing unprecedented levels of competition abated by the demand-supply imbalances. The National Cement Company Limited is one of the players in the cement industry in Kenya and it is not spared the rigours of the competition. As a result, there have been performance challenges facing the cement producer. The purpose of this study therefore, was to examine the influence of strategic Leadership determinants on organizational performance at the National Cement Company Limited in Kenya. The study used a census design, with the study population being all the 40 members of the top management team of the National Cement Company Limited based the head office in Athi River, Machakos County Kenya. The study used a census study design since the population was relatively small and within the threshold of a census design. Data was collected using a structured questionnaire, while analysis was done using Statistical Package for Social Sciences (SPSS) version 25. Linear regression analysis model was used to assess the objectives of the study, while the test of significance was done at 0.05 level of significance, and presentation of findings done through descriptive and inferential statistics. The findings of the study showed that there was a significant influence of strategic leadership determinants on the performance of National Cement Company limited. The study showed that there was significant relationship between strategic leadership and organisational performance. From the findings of the study it was recommended that the national cement company should put in place strategy, and policy experts to help the organisation properly position itself in this strategic determinant issues as they positively influence the performance of the organisation.

Keywords: Strategic Leadership, Strategic Determinants, Organizational Performance

INTRODUCTION

Strategic leadership is important in ensuring that the planned organizational goals are effectively realized. Organizations need competent leaders who are able to translate planned initiatives into actions and then results. According to Ireland (2016), conceptualized vision, mission, objectives and core values can only be useful in organizations if they are translated from the idea to reality. Moreover, for the vision, mission and objectives to succeed, an organization must have the right leadership with the right capabilities. Among the reason’s organizations are unable to meet their planned productivity and development targets is the non-appreciation of leadership skills, a key consideration that organizations require (Wadongo & Abdel-Kader, 2014). While most Executives in organizations are aware that leadership is imperative, few correctly evaluate leadership capacities within their organizations systematically.

Organizational performance has been a subject of academic deliberation since the 1940s (Likert, 1957). According to Aluko (2003) performance is defined as the execution or task accomplishment or goal standard based measurement of satisfaction in completeness, speed, accuracy, and cost. Conventionally, performance measurement was based only on financial measures. However, the increasing complexity of organizations and their ecosystems, characterized by studies towards the 1980s have demonstrated that financial data partly lacks full credibility and sufficiency in solely determining organizational performance. (Bhagat et al., 2013). This is more so due to the fact that financial reports were had less pointers of non-financial dimension of performance, including shareholder value. (Awino, 2007).

A determinant is any factor which explains the variation in a given characteristic of an entity (Collier, 2006). The variation in organizational performance can be explained by many factors, depending on the nature of the organization, the industry, and the macro-environment. The determinants of organizational performance can, therefore, be classified as firm-specific, industry-specific, and macro environment-specific (Neba, 2016). Some of the firm-specific determinants of organizational performance include strategic leadership and value-chain management.

Strategic leadership is the capability of business organizations to expect product and service delivery for future organizational successes. Alongside this understanding it involves empowering members of organizations to create strategic opportunities and a productive tomorrow for the organization. According to Georges (2015), strategic leadership is the ability for a long-time business practitioner who uses vision, and knowledge to make and implement plans and arrive at organizational decisions in the turbulent, unstable business environment.

George (2015), affirms that strategic leadership refers to the ability of the top management team of the organization to provide strategic direction to all the key stakeholders of organization, and to motivate them toward pursuing the same. Value chain management, on the other hand, refers to the strategies developed and implemented by the organization to make the entire value addition processes sustainable (Georges, 2015).

Objectives of the Study

The general objective of the study was to establish the influence of strategic determinants of performance at the National Cement Company Limited in Kenya. The specific objectives of the study was to establish the influence of strategic leadership on organizational performance at the National Cement Company Limited in Kenya.

Statement of the problem

The ability of the firm to cope with both the institutional, industry and macro-environmental factors depends on the competence of the leadership of the organization. A study by Zureigat et al. (2017)
focused on the effect of corporate governance on firm performance of firms listed in the Saudi Arabian stock exchange. The study covered the period 2012-2014, with 171 listed companies sampled. The study determined that there was insignificant between the two variables with regards to operational and financial performance. Nevertheless, the period of study was too short and probably a wider time horizon would have different outcomes. The study was also done in a foreign context and focused on corporate governance as opposed to organizational performance.

A study by Ayumardani and Kusuma (2016) focused on the effect of corporate governance of firm efficiency, the population was drawn from Islamic banks in Indonesia. The data used by the study was from 2000 to 2014 analysed using panel data regression analysis. The findings concluded that there was improved performance by the banks that employed corporate governance variables. However, the concept of efficiency is much broad and there may be need to investigate the same phenomenon with a focus on other dimensions such as effectiveness and economy. The study was also done in a foreign context and focused on corporate governance as opposed to organizational performance.

A study by Ali Shah et al. (2016) focused on the relationship between corporate governance and firm performance in the United Kingdom (UK), using a sample drawn from 435 non-listed firms, and covering the period ten years (1999-2009). The research findings contrasted other previous research done in the UK, with conclusions demonstrating that there was no effect on performance by implementation of corporate governance structures. The study was, however, done in a foreign context, and focused on corporate governance determinant only. Musau (2018) studied the supply chain determinants of performance of cement manufacturing firms in Kenya. The study determined that supply chain innovation was a key determinant of performance of the cement manufacturing firms in Kenya. This study, however, did not provide an opportunity for in-depth examination of one firm, more so because they are heterogeneous and may not actually be impacted equally by the factors identified in the study.

This study therefore sought to establish the influence of strategic determinants, strategic leadership, on the performance of the National cement company. Furthermore, many of these studies were carried out in foreign countries and therefore a need to carry out a research on a Kenyan Cement industry.

LITERATURE REVIEW

Elementary Theory of Power and Influence: According to the elementary theory, power is founded in the exchange collaboration structure and that under dynamics of power differences, different payoffs for the concerned actors come into play (Willer & Markovsky, 1993). Consistent with the postulations of status characteristics theory, elementary theory argues that interpersonal influence is seated in the prestige order of a given class in the society. Elementary theory of power and influence predicts that power-play is likely to shape the determinants of corporate performance significantly.

Accordingly, status differences will tend to drive low status actors to change their behaviour so as to adapt with the directions given by the high-status actors in the society. Proponents of this theory propose that this occurs the former will deem this as a desirable for the improvement of their fortunes (Valmohammadi et al., 2015). The theory, however, overly assumes that power is exclusively formal and only rests in organizational structure. The status characteristics theory, for instance, ignores the significance of persuasion, while the elementary theory puts no emphasis on the ability of a leader to assert influence through negotiation (Willer &
Markovsky, 1993). Moreover, the apparent overconcentration of literature on the position rather than the personal characteristics of the leaders seems not to recognize the negative influences of coercive power since it focuses largely on the positive power influences.

The application of this theory in the National Cement Company is that it predicts that the powers and influence wielded by strategic leaders are basically due to the positions they hold; hence personal characteristics and leadership style would influence their effectiveness. The current study will use the postulations of elementary theory of power and influence to explain the strategic leadership dynamics in the National Cement Company Limited. The company will apply this theory in understanding and using the politics of power control in the mining industry and also use power to come up with policies that govern their organization

**Empirical Literature Review**

Prior studies have been done on organizational performance, and its various determinants. A study by Zureigat et al. (2017) focused on the effect of strategic leadership on firm performance of firms listed in the Saudi Arabian stock exchange. The study covered the period 2012-2014, with 171 listed companies sampled. The study determined that there was insignificant between the two variables with regards to operational and financial performance. Nevertheless, the period of study was too short and probably a wider time horizon would have different outcomes. The study was also done in a foreign context and focused on corporate governance concept. The current study will examine various determinants of corporate performance, including external and internal factors in Kenyan firms, the cement manufacturing companies in Kenya.

A study by Ayumardani and Kusuma (2016) focused on the effect of strategic leadership of firm efficiency, the population was drawn from Islamic banks in Indonesia. The data used by the study was from 2000 to 2014 analysed using panel data regression analysis. The findings concluded that there was improved performance by the banks that employed strategic leadership practices in their organisations. However, the concept of efficiency is much broad and there may be need to investigate the same phenomenon with a focus on other dimensions such as effectiveness and economy.

The study was also done in a foreign context, and focused on corporate governance concept. The current study will examine various determinants of corporate performance, including external and internal factors in Kenyan firms, the cement manufacturing companies in Kenya.

**Independent variable**

<table>
<thead>
<tr>
<th>Strategic Leadership</th>
<th>Organizational Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic direction</td>
<td>Improved net income</td>
</tr>
<tr>
<td>Visionary leadership</td>
<td>Efficiency in cost of production</td>
</tr>
<tr>
<td>Adherent to strategic plan</td>
<td>Customer satisfaction</td>
</tr>
</tbody>
</table>

**Figure 1: Conceptual Framework**

**METHODODOLOGY**

The research design adopted for this study was a case study design. This design was chosen due to its consistency with determination of association between variables, quantitative data, and regression analysis in a majority of scientific studies. The population of study was all the members of the entire management team of the National Cement Company Limited which included Company Directors, departmental heads, sector managers and supervisors in the cement manufacturing company.
The target population was all the 40 members of the management cadre team highlighted herein that were in one way or the other involved in strategic issues decision making at the National Cement Company. The study used a census approach and determined to study all the members in the management cadre in National Cement Company. This study adopted a census methodology due to the small size and involved subjecting all the members of the population in the study. Data analysis entailed entering the questionnaire responses into the SPSS version 25 for analysis. The analysis was carried out using Statistical Package for Social Sciences (SPSS) version 25.

**RESULTS**

**Strategic Leadership**

The researcher wanted to know the effect of various strategic determinants of organizational performance in organizations at the National cement company. They were expected to express their opinions as to the level of agreement with each of the statements concerning their organizations. The statements were on a scale of 1-5 Likert where: 1-not significant; 2-small extent; 3-moderate extent; 4-large extent; 5-very large extent. M refers to mean while SD refers to Standard Deviation. Table 1 below gave the results of the study.

<table>
<thead>
<tr>
<th>Statement</th>
<th>1%</th>
<th>2%</th>
<th>3%</th>
<th>4%</th>
<th>5%</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of visionary leadership ensures progressive culture is embraced across board which has ensured improved organizational performance.</td>
<td>6.0</td>
<td>21.9</td>
<td>9.7</td>
<td>37.5</td>
<td>25</td>
<td>2.38</td>
<td>1.212</td>
</tr>
<tr>
<td>Availability of strategic plan ensures optimal utilization of organization resources.</td>
<td>6.3</td>
<td>18.8</td>
<td>9.4</td>
<td>39.5</td>
<td>26.1</td>
<td>2.44</td>
<td>1.014</td>
</tr>
<tr>
<td>The Mission statement of our organization identifies who we are, what we do and make everyone to respond to customers’ needs on timely basis</td>
<td>6.1</td>
<td>21.9</td>
<td>9.3</td>
<td>36.5</td>
<td>26</td>
<td>2.28</td>
<td>1.276</td>
</tr>
<tr>
<td>Our mission and vision statements are reviewed as need arises which influences the overall organizational performance</td>
<td>3.0</td>
<td>18.9</td>
<td>12.5</td>
<td>35.5</td>
<td>30.1</td>
<td>3.53</td>
<td>1.27</td>
</tr>
<tr>
<td>Visionary leadership makes organization respond to customer needs and make the organization remain competitive.</td>
<td>2.1</td>
<td>21.9</td>
<td>10.4</td>
<td>37.5</td>
<td>28.1</td>
<td>3.62</td>
<td>1.264</td>
</tr>
<tr>
<td>Our organization culture determines our organizational performance</td>
<td>6.3</td>
<td>15.8</td>
<td>6.4</td>
<td>40.5</td>
<td>31.1</td>
<td>3.53</td>
<td>1.27</td>
</tr>
<tr>
<td>Ethical practices determine the structure adopted</td>
<td>5.3</td>
<td>22.9</td>
<td>8.4</td>
<td>38.5</td>
<td>25</td>
<td>2.38</td>
<td>1.212</td>
</tr>
</tbody>
</table>

The researcher sought to establish the effect of strategic leadership as a determinant of performance in the organizations. From the research findings, 37.5% of the respondents to large extent agreed that the availability of visionary leadership ensured that progressive culture is embraced across board which had ensured improved performance and customer sensitivity. This was also shown by a mean of 2.38 with responding standard deviations of 1.212. At the same time 25% agreed to very large extent, 6.0% agreed it was not significant, 9.7% said it was to moderate extent, while only 21.9% of respondents agreed it was to small extent.

From the research findings, 36.5% of the respondents to large extent agreed that the mission statement of their organizations identify they were, what they did and the targeted customers as shown by a mean of
2.44 with responding standard deviations of 1.014. At the same time 26% agreed to very large extent, 21.9% agreed it was not significant, 9.3% said it was to moderate extent, while only 6.1% of respondents agreed it was to small extent.

From the research findings, 37.5% of the respondents to large extent agreed that the organization’s culture determines its organizational performance as shown by a mean of 3.53 with responding standard deviations of 1.27. At the same time 28.1% agreed to very large extent, 6.3% agreed it was not significant, 9.4% said it was to moderate extent, while only 18.8% of respondents agreed it was to small extent.

From the research findings, 35.5% of the respondents to large extent agreed that the mission and vision statements were reviewed as need arises which influences the overall organization structure as shown by a mean of 3.53 with responding standard deviations of 1.27. At the same time 30.1% agreed to very large extent, 3.0% agreed it is not significant, 12.5% said it was to moderate extent, while only 18.9% of respondents agreed it was to small extent.

From the research findings, 37.5% of the respondents to large extent agreed that visionary leadership makes organization respond to customer needs and made the organization remain competitive as shown by a mean of 3.62 with responding standard deviations of 1.264. At the same time 28.1% agreed to very large extent, 2.1% agreed it was not significant, 10.4% said it was to moderate extent, while 21.9% of respondents agreed it was to small extent.

From the research findings, 38.5% of the respondents to large extent agreed that ethical practices determined the structure adopted as shown by a mean of 2.38 with responding standard deviations of 1.212. At the same time 25% agreed to very large extent, 5.3% agreed it was not significant, 8.4% said it was to moderate extent, while 22.9% of respondents agreed it was to small extent.

These findings revealed that the strategic leadership of majority of the organizations to large extent determined the performance of their organization. The study results showed that to a very large extent majority of the organizations have their mission statements identify who they are, what they do and targeted customers. It was revealed that, to large extent, visionary leadership makes organization respond to customer needs and made the organization remain competitive.

These findings concurred with a study carried out by Ayumardani and Kusuma (2016) who focused on the effect of strategic leadership of firm efficiency, the population was drawn from Islamic banks in Indonesia. The data used by the study was from 2000 to 2014 analysed using panel data regression analysis. The findings concluded that there was improved performance by the banks that employed corporate strategic leadership practices.

**Organizational Performance**

The study sought to know the indicators in the performance of the National cement company in Kenya. The respondents were expected to express their opinions as to the level of agreement with each of the statements concerning the performance in their organizations. The level of organizational performance indicators included cost of production, customer satisfaction and net income and sales volume. The statements were on a scale of 1-5 Likert where: 1-not significant; 2-small extent; 3-moderate extent; 4- large extent; 5-very large extent. M refers to mean while SD refers to Standard Deviation. Table 2 below gave the results of the study.
### Table 2: Organizational Performance
#### Cost of Production

<table>
<thead>
<tr>
<th>Statement</th>
<th>1%</th>
<th>2%</th>
<th>3%</th>
<th>4%</th>
<th>5%</th>
<th>M</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Efficiency/Cost of production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We have very low cost of in-bound inventory compared to competitors</td>
<td>3.1</td>
<td>18.8</td>
<td>12.5</td>
<td>15.6</td>
<td>50</td>
<td>3.91</td>
<td>1.304</td>
</tr>
<tr>
<td><strong>Customer satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our average customer satisfaction rate is very high because of high quality service and quality products</td>
<td>6.3</td>
<td>21.9</td>
<td>9.4</td>
<td>37.5</td>
<td>25</td>
<td>3.53</td>
<td>1.27</td>
</tr>
<tr>
<td>Customer complaint management response fast because of competent team of staff and modern communication systems</td>
<td>6.3</td>
<td>18.8</td>
<td>18.8</td>
<td>28.1</td>
<td>28.1</td>
<td>3.53</td>
<td>1.27</td>
</tr>
<tr>
<td>Timely detection of changes in customer preferences which informs selection of innovations</td>
<td>6.3</td>
<td>34.4</td>
<td>9.4</td>
<td>21.9</td>
<td>28.1</td>
<td>3.31</td>
<td>1.378</td>
</tr>
<tr>
<td><strong>Net income and Sales Volume</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The company has experienced high sales volume and higher income in the recent past due to customer sensitivity and quality service.</td>
<td>9.4</td>
<td>18.8</td>
<td>9.4</td>
<td>18.8</td>
<td>43.8</td>
<td>3.69</td>
<td>1.447</td>
</tr>
<tr>
<td>Our firm has very low wastes and scraps in the processing chain compared to competitors which has influenced on our income positively</td>
<td>9.4</td>
<td>18.8</td>
<td>9.4</td>
<td>18.8</td>
<td>43.8</td>
<td>3.72</td>
<td>1.17</td>
</tr>
<tr>
<td>We normally have very short order fulfilment lead times compared to our closest competitors</td>
<td>6.3</td>
<td>15.6</td>
<td>25</td>
<td>25</td>
<td>28.1</td>
<td>3.53</td>
<td>1.244</td>
</tr>
</tbody>
</table>

From the above table, the research results showed that the average mean that, embracing technology and having very low cost of in-bound inventory compared to competitors resulted to low cost of production in cement organizations. This was explained by a mean of 3.78 which respondents agreed to a very large extent as per the Likert measurement scale. This implied that the cost of production affected performance.

From the research findings, the study noted that respondents agreed to a very large extent as per the measurement scale in table 2 above, that high sales volume and higher income experienced in the recent past was due to customer sensitivity and quality service, that processing chain yielded to very low wastes and scraps, that good distribution channels was due to good road networks and fulfilment lead times caused very short orders of cement. This implied that net income and sales volume were good indicators of performance in cement companies in Kenya.

**CONCLUSION**

From the research findings it was revealed that the strategic leadership variables like visionary leadership practices adopted, to large extent determine their performance. The study findings showed also that to a very large extent, majority of the organization management staff affirmed that the mission
statements of the national cement company identified who they were, what they did and targeted customers. It was revealed that, to large extent, visionary leadership made organization respond to customer needs and made the organization remain competitive.

These findings concurred with a study carried out by Ayumardani and Kusuma (2016) who focused on the effect of strategic leadership of firm efficiency, the population was drawn from Islamic banks in Indonesia. The data used by the study was from 2000 to 2014 analysed using panel data regression analysis. The findings concluded that there was improved performance by the banks that employed corporate strategic leadership factors which in-turn led to improved performance of the organisations studied.

The study revealed that the organization visionary leadership to large extent determine their organizational performance while their organizations always evaluate the capacity requirement of each job prior to engaging staff to large extent as well. Therefore, the study concluded that strategic determinant like strategic leadership affects organizational performance of the National cement company in Kenya. Organisational strategic issues addressed in this study such as strategic leadership comprising strategic direction, visionary leadership ethical practices, structures adopted, and mission statements have a big bearing in the success of the company. This therefore means that the company should have a keen eye on the each of the indicators of strategic leadership including carrying out more marketing intelligence on how each of the indicators are likely to affect performance of the National cement company.

RECOMMENDATIONS
This study recommended that the National cement Company in Kenya formulates specific strategic direction, should have mission statements that are clear and that it should evaluate capacity requirement of each job prior to engaging staff. This will enhance the performance of the National Cement the company. There is further need for the National cement company to strengthen its strategic planning and implementation team. This will make the company more alive to challenges in the marketplace and safe itself from demise out of unprecedented competition from predator companies. The study recommended that the National Cement Company should harness all the factors of strategic leadership that are likely to affect its performance because this scales up its level of competitiveness and offers the company competitive advantage over other companies in the cement manufacturing industry.

REFERENCES


