AN ASSESSMENT ON THE ROLE OF TOP MANAGEMENT SUPPORT PRACTICE ON PERFORMANCE OF STEEL MANUFACTURING COMPANIES IN KENYA

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Abstract
The purpose of this paper was to assess the role of top management support practice in selected steel manufacturing firms in Kenya and its effect on financial performance of the organizations. The study adopted a descriptive survey research design that collected both qualitative and quantitative data through structured questionnaires. The target population was the 46 listed Kenyan Steel Manufacturing Companies. Sample size was determined by the use of Krejcie and Morgan’s Sample Size Table. The sample size of the targeted population was 42. Data was collected from Management Representatives or Quality Assurance Managers or their equivalents and had a response rate of 100%. Descriptive statistics was used to analyze quantitative data while qualitative data was used to supplement interpretation of quantitative data. Testing of hypotheses was done using Analysis of Variance. Variance Inflation Factor was used to illustrate the significance of the association between financial performance and top management support practice. The study concluded that top management support practice contributes significantly to the performance of Steel Manufacturing companies in Kenya. Using regression analysis, the study revealed that top management support practice statistically significantly predicted the performance of Steel Manufacturing Companies in Kenya, with F statistic of 74.801 with probability value p of 0.000 (p < 0.05). The analysis further revealed that there is a fairly strong correlation between top management support practice and performance of Steel Manufacturing companies in Kenya (R =0.807, R²=0.652). The study recommended that top management should allocate more resources towards quality improvement and they should ensure that they set quality goals and distribute them throughout the organization.

Key words: Quality Management Systems, Organizational Performance, Kenyan Steel Manufacturing Sector, Top Management Support.
Introduction

In such a competitive environment resulted from world globalization and liberalization, firms survive with much difficulty unless they create the competitive advantage over their competitors (Agus, 2004). Customers’ needs become increasingly difficult to meet. They demand for faster response, better value for money, products or services, more product varieties, expect lower prices, reliable delivery, and product integrity. Many manufacturing industries have awakened due to this phenomenon to become aware of the need to prioritize quality as the competitive marketing strategy in the global market. The principles of Quality Management Systems (QMS) have been successfully adopted and applied in the manufacturing sector by most of the developed countries. Over the past periods of International Organization for Standardization (ISO) certification as a quality management system in the manufacturing sector, customers and major stakeholders of these organizations have raised dissatisfaction on the results as they sometimes do not relate to quality service delivery on the ground which is expected to improve on organizational performance as perceived and received by the public. Quality management system (QMS) is a systematic approach to proactively managing quality based on documented standards and operating procedures. With the increasing competitive, business survival pressure and the dynamic, changing customer-oriented environment, a certified quality management system has been proposed to improve organizational performance and has generated a substantial amount of interest among managers and researchers (Sousa & Voss, 2002). Certified quality systems are progressively being adopted by all types of industries worldwide due to the fact that many business organizations are actively seeking ways in which they can improve the products and services they offer (Alonso-Almeida and Rudriguez-Anton, 2011). For long term survival organizations must adopt a broad, strong strategy that gives a sustainable competitive advantage and superior services that distinguish the organization from its competitors.

Industry comprises of manufacturing, construction and mining activities. Manufacturing is the art of transformation of raw materials into either intermediate goods or final products through mechanized process. Kenya’s steel manufacturing sector is among the key productive sectors identified for economic growth and development because of its immense potential for wealth, employment creation and poverty alleviation. In addition, the sector will continue to provide impetus towards achievement of Millennium Development Goals (MDGs) both in the medium and long term particularly goal one on Eradication of extreme Poverty and hunger and goal eight on Global Partnerships for Development (Government of Kenya, 2002). According to the Manufacturing and Industry Sector Report (2011), the sector is expected to play a key role in the growth of the Kenyan economy. The overall goal of the sector is to increase its contribution to Gross Domestic Product (GDP) by at least 10 per cent per annum. In addition the sector is expected to register a growth of 10 per cent in the medium term period, (2008-2012) this is to be driven largely by local, regional and global markets. Industrial activity, concentrated around the two major urban centres, Nairobi and Mombasa, is dominated by food-processing industries such as grain milling, beer production, and sugarcane crushing, and the fabrication of consumer goods, e.g., vehicles from kits.

A study by Muturi and Ochieng (2015) on the impact of ISO 9001 implementation on Organizational Performance in Kenya found that ISO 9001 certification has had a positive influence on
the organizations’ return on assets thus improving its performance. They however did not specifically deal with the manufacturing sector. Ruinge & Kimani, (2015) studied on the relationship between selected total quality management practices employed by public secondary schools principals and students’ performance in Kenya Certificate of Secondary Education in Kiambu County, Kenya (Ruinge & Kimani, 2015). The findings revealed that, school focus on meeting student’s needs, establishment of performance objectives (goal setting) on curricular activities and embracement of high level of communication on curricular issues especially from the students, enhance students’ performance in national examinations.

Although a number of studies have been done on the effects of certified quality management systems on organizational performance, there is limited information within the context of steel manufacturing industry in Kenya. These studies, Muturi and Ochieng (2015), Ruinge and Kimani (2015), Matata and Wafula (2015) did not explore the effects of certified quality management systems on performance of steel manufacturing companies in Kenya. This study empirically examined the extent to which top management support influences the relationship between certified Quality Management System practices and organizational performance in Kenyan steel manufacturing sector.

**Top Management Support in the Steel Manufacturing Companies**

Top management can be referred to as the cornerstone of a successful Quality Management System programme. Wahid and Corner’s (2009) study on service firms in Malaysia established that ISO implementation is a critical factor on performance. The study ranked the support and involvement of the top managements a most critical factor. The conclusion made from the results of the 83.33% of the respondents interviewed stated that the success and sustainability of ISO 9001 is influenced by top management. Javed (2015), conducted a study whose objective was to empirically investigate the impact of top management commitment on the success of quality management. The Correlation analysis explained a positive moderate relationship between top management commitment and success of quality management. That is, top management commitment is positively related to the success of quality management in an organization. Kiprotich (2014), studied on the degree, to which top management sets up quality management objectives and strategies, provides and allocates necessary resources, contributes in quality improvement efforts, and assesses quality management implementation and performance. Quality Management System is a way of life for a company. It has to be introduced and led by top management. Kiprotich (2014), noted that attempts to implement QMS often fail because top management doesn't lead and get committed - instead it delegates and pays lip service. Commitment and personal involvement is required from top management in creating and deploying clear quality values and goals consistent with the objectives of the company, and in creating and deploying well defined systems, methods and performance measures for achieving those goals. These systems and methods guide all quality activities and encourage participation by all employees (Sturman, 2014).

Top Management in organizations maintains the leadership responsibility for the quality management systems, with involvement of all organizational staffs. This responsibility includes; ensuring the availability of resources to all staff to ensure improved service delivery is achieved for the realization of the organization’s vision and mission. Establishing and reviewing the quality policy and quality objectives quarterly to ensure compliance to
leadership as TQM construct has a strong positive association with service quality in the commercial banks in Malaysia. The same degree of importance of management leadership is supported by findings of a study conducted by Charles Kombo Okioga, (2012). Outcomes of the study showed visionary leadership as one of most four critical human resource related factors that promise successful TQM implementation in high education institutes in Kenya. The authors discussed vitality and criticality function of visionary leadership in high education institutions. This importance occurs in involvement of top executives in creating sustains and customer orientation work dimension and presenting apparent quality values in their institutes. The positive impact of leadership in TQM in high education has been outlined in a study that assigned weights to the criteria of the Malcolm Baldrige National. It is therefore apparent that top management support is pertinent to the success of Quality Management System implementation in organizational settings. If leadership roles in TQM aren’t taken up by Chief Executive Officers (CEO’s) and their line senior managers, nothing much in ways of changes would be implemented and any such won’t stand the test of time.

Literature Review
European Foundation for Quality Management (EFQM) Model
The European Foundation for Quality Management (EFQM) Model is based upon nine criteria for quality management. There are five enablers (criteria covering the basis of what a company does) and four results (criteria covering what a company achieves). The result is a model that refrains from prescribing any one methodology, but rather recognizes the diversity in quality management methodologies. The nine criteria as defined by the EFQM Model are: focus on results – pleasing company stakeholders with results achieved by
stakeholders is a primary focus; focus on customers – it is vital that a company’s quality management leads to customer satisfaction; Management Focus – constancy of purpose and consistent, visionary leadership, process and facts, in which the management breaks down everything into systems, processes and facts for easy monitoring, training; and Involving Employees – Employees should receive professional development opportunities and be encouraged to remain involved in the company; Continuous Learning – everyone should be provided with opportunities for learning on the job, Developing Partnerships – It is important to encourage partnerships that add value to the company’s improvement process; Social Responsibility of the Corporation – The company should always act in a way where it is responsible towards the environment and society at large (James & William, 2008, Goetsch & Davis, 2013). This model was helpful in relating quality management to employee involvement and performance measurement.

Six Sigma Theory
Six Sigma is one of the most effective problem solving methodologies for improving business and organizational performance. Other persons described Six Sigma as a disciplined and statistically based approach for improving product and process quality. Also, Six Sigma refers to a business process that allows organizations to improve drastically their bottom line by designing and monitoring everyday business activities in ways that minimize waste and resources while increasing customer satisfaction (Harry & Schroeder, 2000). Three of the Six Sigma practices have been found to have a very strong relationship with the seven traditional Quality Management practices and their effects on performance. To better illustrate the complex relationships of these practices, the model adopted the classification of infrastructure and core practices proposed by where the infrastructure practices are to create an organizational environment supporting Quality Management implementation, and the core practices focus on applying tools and techniques in continuous improvement (Flynn & Sakakibara, 1995, Sousa & Voss, 2002). The model starts with top management support on the left to highlight the ultimate importance of senior managers’ leadership and support for Quality Management implementation. The upper half consists of traditional Quality Management infrastructure practices (i.e., customer relationship, supplier relationship, and workforce management) and traditional Quality Management core practices (i.e., quality information, product/service design, and process management). The lower half presents three Six Sigma practices. Six Sigma role structure is considered as an infrastructure practice in that it is part of human resource infrastructure to assist the deployment of Six Sigma (Antony & Banuelas, 2002). Six Sigma structured improvement procedure and Six Sigma focus on metrics are two core practices as they represent the methodological elements of Six Sigma by emphasizing use of scientific methods, statistical tools, and quantitative metrics (Choo, Linderman, & Schroeder, 2004). This model suggests that the Six Sigma practices and traditional Quality Management practices work together to improve quality performance and business performance.

Research Methodology
The study adopted a descriptive research design that enabled the researcher gather information exhaustively on the subject matter. The mixed research design that consist both qualitative and quantitative approaches allows researcher to collect information from the people on their habits, opinions, attitudes and any other educational or social issues (Namusonge, 2010). Quantitative approach strives for precision by focusing on. Data collected was analyzed using Statistical Package for Social Sciences (SPSS). Variance inflation factor was
used to illustrate the significance of the association between performance and top management support. The target population in this study was 46 steel manufacturing firms in Kenya listed in the Kenyan Business Directory 2015 (Directory, 2015). An accessible population was drawn from the target population according to (Mugenda & Mugenda, 2003) who pointed out that it is impractical to select a representative sample from the target population because it may be difficult to identify individual members. This study employed sampling whose purpose was to secure a representative group which enabled the study gain information about a population. The study used simple random sampling. The study used questionnaires to collect data from Management Representatives or Quality Assurance Managers or their equivalents in 42 Kenyan manufacturing firms in the metal and allied sector. The questionnaire comprised of both structured and unstructured questions. To check and improve reliability and validity, a pilot study was undertaken in five companies that did not form part of the main study. Data was entered into Statistical Package for Social Scientists (SPSS) after which descriptive and inferential statistics were obtained. Frequency distributions were obtained for all personal data or classification variables.

**Results and Discussion**

The regression analysis revealed the relationship between the dependent variable, performance of steel manufacturing companies in Kenya and independent variable which is top management support practice. From Table 1, R value is 0.807 which represents the simple correlation. It indicates a fairly strong degree of correlation between top management support and organizational performance of Steel manufacturing companies in Kenya. The $R^2$ value indicates how much of the dependent variable, "organizational performance", can be explained by the independent variable, "top management support". In this case, 0.652 can be explained, which is strong. This implied that the performance being experienced by the steel manufacturing companies in Kenya is driven by top management support to a moderate extent. In the context of QMS, this indicated that top management support practice in the steel manufacturing companies had significantly contributed to improved quality management and in the long run had led to improved organizational performance.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.807</td>
<td>0.652</td>
<td>0.643</td>
<td>0.508</td>
</tr>
</tbody>
</table>

Table 2 shows results of analysis of variance (ANOVA) between top management support and organizational performance of the steel manufacturing companies in Kenya. The results indicate that the regression model predicts the outcome variable significantly. This indicates the statistical significance of the regression model that was applied. An attained F statistic of 74.809 supported by a probability ($p$) value of 0.000 ($p < 0.05$), indicated that the model was significant. This indicates that on overall, the model applied can statistically significantly predict the outcome variable.
Table 2: Analysis of Variance ANOVA (F-Test) for Top Management Support practice

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>19.308</td>
<td>1</td>
<td>19.308</td>
<td>74.899</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>10.311</td>
<td>40</td>
<td>0.258</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>29.619</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


b. Predictors: (Constant), Top Management Support practice, X₁

Results of statistical analysis shown in Table 3 provide the information needed to predict organizational performance from Top Management Support. Both the constant and Top Management Support contributes significantly to the model. The linear regression model is presented as follows; Y = β₀ + β₁X₁ + ε; where Y = Performance of Steel Manufacturing Companies in Kenya; β₀, β₁, α = Coefficient of Performance of Steel manufacturing companies; X₁ = Top Management Support practice. Therefore Y = 1.62 + 0.551X₁ + ε

The collinearity statistics returned a VIF value of 3. The interpretation was guided by the range where VIF = 1 showed no correlation, 1 < VIF < 5 showed moderately correlation of variables while VIF > 5 to 10 meant highly correlated. In this case, the results showed that employee’s involvement and organizational performance are moderately correlated. The results are shown below;

Table 3: Coefficient and the Variance Inflation Factor for Top Management Support practice

<table>
<thead>
<tr>
<th></th>
<th>Coefficients¹</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.62</td>
<td>0.805</td>
<td>0.0426</td>
<td>VIF</td>
<td></td>
</tr>
<tr>
<td>Top Management Support</td>
<td>0.551</td>
<td>0.807</td>
<td>8.654</td>
<td>0.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

The findings concur Chin (2003), who focused on the impact of ISO and the firm’s performance and established that the most important factor in the standardization process and subsequent certification is the top management. In the same vein, Chin-Keng (2011), indicated that top management needed to be more helpful and effective towards TQM practices and implementation. The findings in this current study suggest that there are deficiencies from the top management’s commitment to quality management in terms of involving and training employees, despite the fact that their role in achieving quality performance is very crucial. The study suggests that the top management in an organization is responsible for the active encouragement in the implementation of the QMS.

Conclusion

The study concluded that top management support practice contributes significantly to the performance of Steel Manufacturing companies in Kenya. Regression analysis results support the finding with F statistic of 74.809 with a probability (p) value of 0.000 (p < 0.05) indicating that the
model was significant. Correlation analysis results shows that there is a fairly strong correlation between top management support practice and the performance of Steel Manufacturing companies in Kenya, (R=0.807 and R²=0.652). The findings from descriptive analysis indicates that majority of the steel manufacturing companies, top management encourages employee involvement in the quality improvement process while in most of the companies, internal process improvement has led to externally observable improvements. However, some of the shortcomings established in the study affecting majority of the steel manufacturing companies in Kenya include failure by top management to allocate adequate resources towards efforts of improving quality. This is a failure in implementation of the quality management system but not the system itself.

**Recommendations**

The study recommends that top management in the steel manufacturing companies should take responsibility for the active encouragement in the implementation of the QMS. They should allocate more resources towards quality improvement and they should ensure that they set quality goals and distribute them throughout the organization. The person in charge of quality management should report directly to the chief executive officer.

**References**


