

**STRATEGIC MANAGEMENT PRACTICES ADOPTED BY
UNGA GROUP LIMITED, KENYA**

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DECLARATION

I declare that this research project report is my own original work and that it has not been presented to any other university or institution for academic credit.

Signed..... Date

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D61/79279/2015

This research project report has been presented for examination with my approval as the university supervisor.

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God bless you all for making this project a success. Thanks

DEDICATION

I dedicate this project to my beloved family.

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ABBREVIATIONS AND ACRONYMS

BSC	-	Balanced Score Card
CAGR	-	Compound Annual Growth Rate
CEO	-	Chief Executive Officer
CI	-	Continual Improvement
KPI	-	Key Performance Indexes
PM	-	Performance Management
RBV	-	Resource Based View
SME	-	Small and Medium Sized Enterprises
SWOT	-	Strengths, Weaknesses, Opportunities, and Threats
UK	-	United Kingdom
US	-	United States of America

ABSTRACT

Strategic management practices has become more crucial this years. During last century firms have focused on a durable solution on planning for external and internal surrounding which will stay relevant for a while and thus they made plans for the future. The data was collected from eight Unga plants which are spread over in Nairobi, Nakuru and Eldoret. Primary data was gathered using questionnaires given to the CEO, three Plant managers and four line managers through emails. Data was examined use of content analysis. The study found out there were challenges that affected the formulation and implementation of strategies in Unga Limited. They include; increase in the price of raw materials which result to increase in price of the products; under-performing branches which have been unable to compete in the market and organization culture. The other challenges were unavailability of raw materials which affected production; insufficient research and development; poor quality control; government policies and other economic challenges which affect the business environment. The study concludes that Unga limited had laid down strategic objectives which were to provide healthy quality products, and be a market leader in our country and in the east Africa Region. To achieve this, the company conducted and situational analysis and environmental scanning of their business environment. The company conducted situational analysis with an aim of gathering information to study the market trend of their commodities their customers, and also the market share of the competitors to ensure that they remained a market leader. The findings further revealed that the firm did environmental scanning on its internal and surrounding environment. The objective was to identify external opportunities and threats. There is increased changes as businesses have become more aggressive and information from surrounding environment adds on to important component to the success of long-term plans. It is critical to know rivals actions since the environment has become volatile. The study further recommends there should be continuous monitoring and evaluation of strategies adopted by the company. Through continued monitoring and evaluation, they would get informed of the performance of the strategies and therefore take relevant actions at the right time and thus ensure successful implementation of the strategies/practices.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Over the last decade, the business context has become dynamic and ever changing leading to increased levels of competition in the various sectors of the industry. Businesses conform and adapt to environmental uncertainty through diverse strategic situations (Jiao, Alon & Cui, 2011). Strategic management is described as a policy making process by the organization management to decide the long-term success of the organization (Wheelen & Hunger, 2006). Strategic management is viewed as a structured procedure that involves all levels of the firm with the aim of promoting operations that defines the firm, enhance a common vision and in particular, include the structure of long term aim and objectives which cover monetary development and shareholder regard while preserving upright and moral issues while making decisions (Bryson, 2010). For firms to gain a high competitive advantage, they need to formulate and strategic management practices that will facilitate improvement in the quality of products and services. This would subsequently improve the performance and competitive edge of the company (Prajogo, 2007).

This study was founded on two theories, Porters theory of competitive advantage and Resource based View. Porters five force theory stresses the underlying competitive forces that stress the importance of formulating a competitive strategy related to a firm's environment. It brings out the various five forces framework which states the competitive strategies that alters the position of a firm in the industry against the competitors together with suppliers hence leading to a firms' success. Resource-based theory states that sustainable competitive edge can be attained by a firm only if it possesses resources which are rare, are of value, cannot be imitated and can neither be substituted nor transferred. Resources owned by a firm impact on strategic practice and organizational performance (Pearce & Robinson, 2007).

In a world of enhanced competitiveness and demanding clients who look forward to acquiring superior products at the cheapest price, quality is extensively accepted as the origin of competitive edge and is growingly raised to strategic value as a crucial consideration of favorable outcome. Hence, the connection between quality management and strategy is of extreme concern to researchers and practitioners. This sector is gaining power, and relations are being scrutinized from distinct angles (Jabnoun, Khalifah & Yusuf, 2013). Strategic management practices are perceived essential in guiding firms' direction in the long run, and facilitate achievement of the set objectives (Thompson & Strickland, 2007). The researcher has pinpointed this sector as deserving awareness by exploring the strategic management application used by milling companies in Kenya and the effects that these application have on the performance of the organization.

In Kenya the flour milling industry is based on the liberalized market whereby prices of their products are predetermined by the market Pressure. Small-scale and large-scale players are the two levels of players in the milling market where the government does not own any milling firm (Owuor, 2009). Instability and aggressive business environment in the milling industry has motivated players in the milling sector to devise effective strategies with the intention of attaining a competitive edge survive in the dynamic market. Unga Limited despite embracing these strategies, under-performed possibly because of disconnect between strategic practices and performance.

1.1.1. Concept of Strategy

Strategy is described as an approach to attaining corporate goals to be profitable in the long-run (Kreikebaum, 1993). It is a plan that incorporates and unites a firm's crucial objectives, strategies and action (Mintzeberg and Quinn, 1991). Strategy is also seen as a plan communicating how an organization will attain its long-run objective (Burnes, 2004). Strategy is described as the direction and range that enables a firm attain a competitive edge in a dynamic environment by organizing of resources and abilities with the objective of attaining shareholder expectations over the long run (Johnson & Scholes, 2003).

Thompson and Strickland (1999) defined strategy as management approach for positioning the firm in a given market field, participating favorably, satisfying clients and attaining superior performance. Strategy has also been perceived as the determination of a firm's long term objectives, embracing courses of action and resources allocation necessary in attaining the objectives (Chandler, 1962). Whereas numerous perspectives of the definition of strategy, there are two main schools of thought as to the nature of strategy.

Strategic management is directed towards long term development potentials, substantial, homogeneous, and largely connected with senior management level that formulate the vision, mission, and culture of the firm (Pillania, 2008). It is a continuous plan that assesses and regulates the business environment in which the firm operates; evaluate its rivals and sets objectives and strategies to encounter current and future rivals then re-evaluates each strategy on a regular basis to determine its implementation and if it has achieved its objective or need to be replaced to adopt current situations, modern technology, current rivals, new business environment, or current social, monetary, or political situation (Lamb, 1984).

1.1.2. Strategic Management Practices

Direction and scope which enables a firm to achieve competitive advantage in a dynamic surrounding by configuration of resources and competences in line with a long term goal of meeting stakeholders' expectations is what is termed as strategy (Johnson & Scholes, 2003). Strategic management practices encompasses all those actions, activities and processes that organizations engage in with the ultimate purpose of securing sustainable long term success of the business. These approaches include identifying and outlining the organization's future direction, business domain, key result areas, broad objectives and the supporting shared values. They also include external and internal analysis of the organization, formulation of strategies, implementing them, and finally evaluating the strategies with a view to modifying them to keep the organization on track (Pearce & Robinson, 2008).

Thompson and Strickland (2003) ascertained that establishment of a firms' long-term direction, coming up with various objectives, formulating of strategies to achieve them these objectives as per the surrounding environments, and execution of the chosen action plans by managers is what is termed as strategic management practices. It results in coming up with objectives and setting of strategies which need to be implemented by balancing the current objectives and needs with future ones in the light of resources availability of men and materials (Drucker, 1974).

The importance of strategic management in an organization is attributable to the significant impact it has on how well an organization performs. Strategic management is also important for the effective management of organizations in a constantly, often rapidly, changing business environment, especially large organizations comprising diverse strategic business units, divisions and functions. Strategic management practices can be summarized into three main elements with a cyclic relationship namely strategic analysis, strategic choice and strategy implementation (Chell, Haworth, & Brearley, 1991).

1.1.3. Milling industry in Kenya

The milling sector is based on the free market where cost of the products is affected by market forces. The industry has two segments; non-governmental stakeholders who are the small stakeholders and large stakeholders with no government owned milling company. Scarcity of the raw material and also fluctuating wheat price of in the international market are negatively impacting the productions of these firms. This sector has key characteristics which differentiate it from other segments of the economy. Sales and profits are basically determined by market holding and volume application which are the main influents of achievements cost leadership and organic development (Huxley, 1957).

Kenya has 103 registered millers. Installed ability for corn milling is estimated to be 1, 62-1, 77 million tons. Kenya has about 20 – 25 large scale millers. The largest 19 mills in Kenya have a total milling capacity of 85-90 percent. These large millers have a capacity of +150 Mt per day compared to different millers that have medium capacity of (50 – 150 Mt per day). Kenya at the present has a total milling capacity of about 3,500 Mt/24 hours (Styles & Cochran, 2016). Some of the major players in this industry includes: Unga Group Limited, United Millers Ltd, Mombasa Maize Millers Ltd, Maisha Flour Mills Ltd, Bakex Millers Ltd among others.

The Kenyan milling industry is anticipated to develop in the next 5 years as maize and wheat flour market is expected to exhibit robust development. Demand is influenced by changing customer taste for wheat flour, enhanced market convenience, and enhanced market poise. For instance, the Kenyan wheat flour market which was worth \$738.1 million in 2015 is anticipated to reach \$1.15 billion by 2020 which account for 47.2% of the market while the commercial maize flour market is anticipated to rise to \$444.0 million representing a 7.1% of the market (Frost & Sullivan Report, 2016). This shows that there are growth opportunities in the Kenyan milling industry.

1.1.4. Unga Group Limited

Unga Limited was founded in 1908 with the objective of providing milling requirements to the growing wheat sector in the Rift Valley region. The first mill was introduced 1909. It is the largest, oldest and major grain miller in Kenya. It has production facilities in major towns like Nairobi, Eldoret, Nakuru, Dar-es-Salaam and Kampala. It has mills in Eldoret and Nairobi. Currently it is the only miller that is listed on the Nairobi Stock Exchange. It produces on large scale products like wheat and maize milling, commercial porridge production and animal feeds. Currently it runs five mills in Kenya and one in Uganda (Styles & Cochran, 2016).

The firm is a major shareholder in firms associated with the production and sale of a variety of human food, animal feed and health products for animals. It was established in the year 2000 as a result of partnerships between Unga Group Limited and US-based Seaboard Corporation. In this agreement, Unga Group Limited owns 65% of the shares and Seaboard Corporation owns 35% of the shares. Unga Limited, Unga Farm Care Limited and Unga Millers Limited are Unga Holdings Limited subsidiaries .Kenyan market provides a substantial amount of the firms' revenue which is over 90%. The other revenue is sought from sales in Uganda, Tanzania and Rwanda (Gichohi, 2007).

The milling companies in Kenya, Unga limited included has been plagued by various challenges and problems. Whereas some of the problems can be linked to factors that are not of the making of the millers, some problems can be directly linked to the companies' inability to modernize by not only investing in technological infrastructure, but also by ensuring that the technology is used in conjunction with other organizational capabilities (Thandi, 2014).

The Industry has been faced by aggressive rivalry which has brought about various challenges like inflated cost of operation. Unga Group Limited is experiencing these problems although it has a formal strategy developed with the objective of achieving and maintaining a competitive edge (Gichohi, 2007). Most of these challenges need strategic solutions. This study therefore sought out to establish the strategic management practices employed by Unga Group Limited and how they affect the firm's performance.

1.2. Research Problem

Strategic management is a concept whose main thrust is securing satisfactory performance of an organization by continually aligning the organization's internal capabilities with the needs of the surrounding environment. The level of fit between the internal capacities of a firm and its surrounding determines its level of long term success. Success is measured in terms of performance whereby the actual results achieved are compared with the forecasted predetermined objectives. The Impact of strategic management on firms performance have been studied for ages but to date the nature of the correlation between strategy and performance remains an ongoing debate (Meier, O'Toole, Boyne, & Walker, 2007).

There is aggressive competition in the milling sector and many problems like high cost of operation and purchase of raw material have affected the industry. Because of Intense competition, Unga limited was forced to reassess and redirect scarce resources (Gichohi, 2007). Implementation of strategic management practices is a crucial thing in an organization, regardless in the private or public sector that wishes to remain relevant in the market. Organizational change mainly aims at adapting to the environment and improving in performance. Issues like inflated cost of operation have been brought about as a result of aggressive rivalry facing the industry. Because of intense competition, the firm has been

forced to reassess and redirect scarce resources (Gichohi, 2007). The company is experiencing challenges regardless of the fact that it has a set strategy formulated with the aim of remaining competitive edge. Implementation of strategic management practices is important in any organization, regardless whether private or public sector that wishes to remain relevant in the market. Organizational change mainly aims at adapting to the environment and improving in performance.

Studies carried out so far have demonstrated that strategic management positively relates to organizational performance but the results have not met the threshold of generalization (Meier et al., 2007). Globally, Meier et al. (2007) did a research on strategic management and performance of public companies in the United Kingdom. The research findings indicated a positive connection linking strategic management and performance of public companies in the UK. The study suffered from a limitation of context which was only the UK. Boriboon (2012) studied on Strategic change for sustainability in Thai Commercial Bank .The findings indicated that strategic change is very important in the improvement of performance of an organization. However the study did not look at strategic management practices and how it affects performance. Bernadette (2014) did a study on evaluation of strategic performance management approaches in universities in Uganda. Proposing a tool for assessing implementation of strategic performance management (PM) by examining the strategic PM approaches in public universities in Uganda was the aim of the research. The findings indicated that Strategic PM in public universities in Uganda exists and is aimed at achieving quality. However the study had a contextual weakness in that it was narrowly focused on the Ugandan universities.

Mohammed (2016) carried a study on Strategic management in cartelized surrounding: case of Hisham Packaging, Dubai. The findings indicated that organization's performance is just not dependent on how the managers plan, organize and control but it also depends on the competitors and customer's strategies. Porter's Five Forces analysis and PESTEL analysis in developing business strategy is important. However the study suffered a limitation of the context like in Dubai. Besides it did not look at strategic management practices.

Onyango (2014) studied on strategic management practices adopted by Kenya commercial bank limited. This study only looked at the strategies adopted but did not investigate how they influence the performance of the organizations. The study was also conducted in the banking sector and therefore its results could not be generalized in the milling industry. Njeru (2015) carried out a study on strategic management practices and performance of small and medium sized enterprises in Kenya. This study was limited to SMEs whose operating environment and business capacity may not be the same as that of millers such as Unga limited. The results of the research therefore can't be generic to the milling industry. Odede (2016) studied on the strategic management approaches and performance of national irrigation board of Kenya. The research was limited to national irrigation board which is a state corporation. The results of the research also cannot be generalized to the milling sector as the business objectives and operations are different.

There is need to have an overview of the strategic management approaches employed by companies in the milling industry and how they affect their performance. From the above studies no research had been done on strategic management practices and performance of Unga limited. The research sought to answer the research question: What are the strategic management practices adopted by Unga Group Limited in Kenya and how does it impact on performance?

1.3. Research Objective

The objective of the study was to determine the strategic management practices adopted by Unga Group Limited, Kenya.

1.4. Value of the Study

This research will increase the body of knowledge on strategic management in developing countries by contributing to guiding theories in the understanding of strategic management practices to be adopted by a firm. The theories would form a basis for future references on various studies on strategic management.

This research project would inform the policy makers charged with policy formulation in strategic management on how to utilize future opportunities from within the company and externally in order to design and develop a viable competitive edge. This would include the government and regulatory bodies in the logistics industry. The study would provide the management of the company with the recommendation when developing a company structure which responds to the requirements of a strategy. It would facilitate delegation of various activities to lower levels of management so that there is fast and efficient decision making.

This study would act as a reference to scholars, academician, and researchers for better comprehension of strategy Management Practices. It would provide knowledge to upcoming scholars who might need to study on the Factors influencing strategic management performance in the Milling sector operating in Kenya.

This research added knowledge to the existing theories that guides this study, that is, Porter's Theory of Competitive Advantage and Resource-Based Theory. The research would enrich the existing knowledge and advance the understanding of these theories in informing the concept of strategic management practices and performance of firms.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter shows the theories were linked to the concept of strategic management practices. The theories reviewed in this section are Porter's Theory of Competitive Advantage and Resource-Based Theory. These theories inform the concept of strategic management practices, performance and competitive advantage edge of firms.

The chapter further presents the empirical literature which is a synopsis of other research in an interdisciplinary field of research. In this study, the author reviews empirical literature on strategic management practices and factors influencing strategic management practices. The empirical review involved the critique of the existing literature which helps identify the research gaps that have not been filled by the empirical studies.

2.2. Theoretical Foundation

The theoretical foundation is a summary of the theory relating to a certain challenge developed by reviewing past tested information of the variables involved. It is important to analyze the theoretical literature in order to attain different perception and views that various schools of thoughts have.

Several theories have brought about the evolution of strategic management practices. However this research was anchored by the following theories: Porter's Theory of Competitive Advantage and Resource-Based Theory.

2.2.1. Porter's Theory of Competitive Advantage

The theory was introduced by Porter in 1980. It asserts that strategy formulation should be related to a firm's environment. An industry in which a firm operates forms a crucial issue of the firm's surroundings. Strategies potentially available to firms are greatly influenced by industry structures. The Five determinants that affect the firm's profitability as suggested by Porter include, bargaining power of buyers, forces-entry barriers, rivalry among industry participants, and threat of substitution and bargaining power of suppliers. This approach facilitates establishment of a market position by a firm from which it can protect itself from competition (Porter, 1980). This 'five-force' framework facilitates ascertaining the workability of the forces in the industry and how profit levels are predetermined by these forces in various sectors.

Changing the position of an organization in the industry as compared to rivals and suppliers is the major aim of competitive strategies. Firm's decision to adopt a certain strategy is highly attributed to by the five forces Porter (1980). Low cost or differentiations are the two types of competitive advantage that can be adopted by an organization. In addition, cost leadership, differentiation, and market focus are the three comprehensive strategies that can be applied by a company (Porter, 1985).

This theory is related to this topic of study in that it clearly gives directions on what should be focused on in aspects to do with formulation of strategies by firm i.e. environmental scanning. The five forces forms a basis of developing strategies by firms by evaluating the surrounding environment.

2.2.2 Resource-Based Theory

This theory was introduced by Birge in 1984. This theory is based on the assumption that firms analyze their competitive advantage through processes of evaluating their strategic advantages. According to the RBVs, each and every firm has unique tangible and intangible resources and firm abilities to utilize those assets. This is an attributing factor to the differences between them. Resources owned by each firm form a basis of competitive advantage for each firm when developed well (Pearce & Robinson, 2007). Resources owned by a firm play a crucial part in the strategic practice and organizational performance.

Barney (1991) proposes that organization succeed by improving resources that offer rare sources of competitive edge. Resources based on their rareness, value and uniqueness give a competitive edge that is embedded in the firm structure. Every firm has certain and likely powers and gaps; it's crucial to learn what they are and separate them. Therefore what the organization can do is not just to excise the time it faces but what funds the firm can master. Learned et al. (1969) suggest that the key to a firm's victory or its long term growth lies in its potential to develop talent that is truly unique. According to RBV, organizations with better organization design are viewed as being successful. This is due to the fact that they have distinctly lower costs, provide superior product and performance (Peteraf & Barney, 2003).

The resource-based view theory is critical in informing this study helped understand how the combination of resources over time allows for the evolution of specific capabilities, which leads to performance and competitive advantage. Resources of a firm facilitate adequate implementation of the various strategic management practices by firms leading to improved performance.

2.3. Strategic Management Practices

Adeleke et al. (2008), ascertains that processes involved in the examining not only the present environments but also the future ones, formulation of the firms' objectives, implementation and controlling decisions which are aimed at achieving these objectives is what is termed as strategic management practices. These practices include: studying the environmental, formulation of strategy, implementation and evaluation. Environmental Scanning is defined as the processes involved in collection, scrutinizing and provision of information for strategic purposes (Thompson & Strickland, 2003). They are used in analyzing various factors affecting the firms. During strategic analysis, a public organization endeavors to understand its strategic position within its sector with a view to matching its capacities to the demands of the external environment. It is the process through which an organization analyses the strengths of its position by considering internal and external elements which have impact on the environment (Isoherranen, 2012).

Formulation of the strategy is described as the method of ascertaining the perfect course of action for meeting goals of a firm and hence achieving organizational purpose is what is referred to as strategy formulation. Managers formulate corporate, business and functional strategies after conducting environment scanning, (Johnson & Scholes, 1999). The act of ensuring that a strategy works as intended or putting a strategy into action is what is referred to as strategy implementation. Under this there is need for proper human resource management and improving decision making process. Strategy implementation involves putting the strategy into action and continuously managing the changes required to keep the organization aligned to the realization of its long term goals (Johnson & Scholes, 1999).

It starts with planning whereby the strategy is broken down into shorter term objectives, actions and outputs that jointly lead to the achievement of the long term goal (Brinkshroder, 2014). The objectives, actions and plans are then cascaded to all levels of the organization using appropriate tools for every level. The plans and actions are resourced and assigned to responsibility centers for execution since strategy is as good as its implementation (Andersen & Lie, 2013). Strategy Evaluation involves appraising of surrounding environmental factors which are the causes of current strategies, measure performance, and take disciplinary actions. It ensures that the strategies adopted by a firm and ways in which they are implemented meets the objectives of the firm (Thompson et *al.*, 2003).

2.4 Empirical Studies

Globally, Meier, O'Toole and Boyne (2007) studied on strategic management and performance of public organizations in the United Kingdom. The research findings show that there is a clear connection between strategic management and performance of public organizations in the UK. Pamulu (2010) investigated on the impact of strategic management practices on performance in the construction sector in Indonesia. The findings indicated that adoption of these practices affected performance positively. In addition there was evidence that features displayed by asset-capability combinations were very crucial in the determination of competitive advantage of the Indonesian construction enterprises.

Yunus (2010) studied strategic management approaches and corporate performance of small enterprises in Lagos metropolis. The research established that strategic management had an effect on the share market of small enterprises. The findings revealed that strategic management implementation had positive connection on organizational effectiveness. For the impact to be felt, the research suggested that suitable strategic planners, strategic position, strategic analysis and alternatives have to fit.

Mohammed (2016) investigated strategic management in cartelized environment: case of Hisham Packaging, Dubai. The aim of the research was to ascertain the role of strategic management on performance of a cartelized environment .The study used questionnaires in collection of information from the respondents who were top managers of the company. The findings indicated that organization's performance is just not dependent on how the managers plan, organize and control but it also depends on the competitors and customer's strategies. Application of (SWOT) analysis, Porter's Five Forces analysis and PESTEL analysis in developing business strategy is important.

Boribon (2012) studied the strategic change for business sustainability in the commercial bank sector in Thailand. The intention of the research was to ascertain the effect of strategic change on performance of commercial banks in Thailand. The study collected information by use of structured questionnaires which were issued to the top managers of commercial banks. Strategic change management had a positive impact on performance of the banks as per the findings of the study. Bernadette (2014) did a study on evaluating implementation of strategic performance management practices in universities in Uganda. The purpose of this research was to propose a tool for assess putting in practice of strategic performance management (PM) by examining the strategic PM approaches in public universities in Uganda. Data was collected from the respondents who were university heads by use of questionnaires. The findings indicated that strategic performance management is highly implemented by the universities in Uganda and leads to improved quality.

Locally, Onyango (2014) studied strategic management practices adopted by Kenya commercial bank limited. The objective of the research was to ascertain the strategic practices adopted by Kenya commercial banks in Kenya and to determine the impact of these practices on performance of commercial banks in Kenya. The analyst used a case study of Kenya commercial bank. The results indicated that adoption of strategic management practices by KCB led to improved performance in the banking industry. Njeru (2015) carried out a study on strategic management practices and performance of small and medium sized enterprises in Kenya. The purpose of the research was to identify the strategic management approaches adopted by the SMEs in Kenya. The study used a sample size of 100 SMEs where information was gathered by use of questionnaires. According to the findings, most SMEs had implemented strategic management practices and this had a positive impact on their performance.

Odede (2016) studied on the strategic management practices and performance of national irrigation board of Kenya. The research objective was to ascertain the strategic management practices adopted by the National irrigation Board of Kenya and the related challenges. The findings indicated that implementation of strategic management practices led to enhanced performance of the firm. Most of the studies carried out on the strategic management practices and performance both locally and globally indicate a useful correlation between strategic management approach and performance. A study by Onyango (2014) indicated improved performance due to adoption of strategic management practices. The study context was a major limitation of the study. Njiru (2014) established a good relationship between strategic management practices and performance. The study showed a positive correlation between strategic management practices and performance.

Linus (2010) found out that strategic management practices have a passive impact on market share of the small business in Lagos. Meier (2007) concluded that implementation of strategic management had a positive correlation on performance. From the above studies many researchers have established that the existence of good relationship between strategic management practices and performance. However all the above research was done in a different context other than the Unga Group Limited? Hence this research intended in filling the research gap that exist in establishing the effect of strategic management practices on firm's performance at Unga group limited.

This chapter undertook a comprehensive report of literature in affiliation to strategic management practices and performance of firms. It outlined the various theories that are related to the concept of the study and a review of empirical studies by other authors which were relevant to the concept of the study. The chapter also highlighted the existing knowledge gap between what has been written and the interest of this study. The next chapter outlines the research methodology to be adopted in order to obtain the objective of the research.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines different phases followed in accomplishing the objective of the research. It involved data collection, research design and data analysis. The study methodology assisted in identifying the measures and procedure that were used in gathering statistics, and analysis to achieve the research objective.

It starts by discussing the study design selected for the research to ensure that it effectively address the research problem. The research design constitutes methods and process utilized in gathering and analyzing measures of the specific variables addressed by the research problem. The researcher also justified the choice of the adopted research design. The section also presented methods used in gathering statistics and data analysis procedures. Under the data collection section, the research highlighted the type of information collected, the instrument for data collection and the respondents who participated in the research.

3.2 Research Design

This refers to how the researcher would combine a research study to respond to given questions (Williams, 2011). It is a systematic plan defining the study, collection procedure, interpretation and the limitations of the study. It may include qualitative and quantitative analysis

A case study of Unga Limited was utilized. Case study research is an approach which can take either a qualitative or quantitative approach. The case study design was considered useful for this research since it aimed at conducting an in-depth analysis to ascertain the strategic management practices adopted at Unga Group in Kenya and their influence on organizational performance.

3.3 Data Collection

Primary data gathered established the strategic management practices of Unga limited which has eight plants spread over in Nairobi, Nakuru and Eldoret collected from the top management of the Unga Holding Limited the CEO, three plant managers from all the plants and four line supervisors from the different plants. Additionally, secondary data was collected from annual and other published reports.

3.4 Data Analysis

Data analysis involves giving meaning to collected data. It is the method of examining, cleaning and modifying information with the aim of finding important information, recommendations, conclusions, and assist in decision making (Mugenda, 2008). The data collected from the interviews was first be inspected, cleaned and edited, where necessary.

Qualitative data for this research was gathered and analyzed by use of content analysis. Content analysis is a method of study utilized in making replicable and valid inferences by explaining and coding content material. It is a flexible method and is extremely well-suited to analyze data on this sensitive phenomenon to arrive at analytical conclusions.

This section outlined the methods utilized in this research. It described the study design adopted, data collection instrument and procedures, and the data analysis procedures which outlined how the collected data was summarized into meaningful results to address the research objective. The next chapter covered the data analysis and discussion of the research results.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This section shows the research results and discussion of the results. The research sought to determine how the strategic management practices affect performance at Unga Group Limited in Kenya. The information that was gathered from the Chief Executive Officer, plant managers and line managers using in depth interviews. Information gathered from the participants through interviews and discussions was analysed using content analysis. The results have been compiled in the same way to the interview guide

4.2 Strategic objectives of Unga Limited

The Chief executive officer who was one of the respondents indicated that Unga Limited had laid down strategic objectives to assist the firm in achieving and maintaining market share leadership in the provision of healthy, preferable products for both human and animal nutrition for the benefit of the end consumer and of all other stakeholders. The company seeks to be a market leader in Kenya and in the east Africa Region.

Other than to produce quality products and achieve market share leadership; the CEO also indicated that Unga limited strived to achieve customer strategic objective by focusing on expanding sales and introducing new products in the market. This was achieved by conducting proper market survey. The company also strived to achieve financial strategic objective by focusing on increasing the net profit and reduce expenses. The respondents also indicated that the company was keen on meeting the customers' demands in the market and ensuring customer satisfaction and subsequently increase profit of the organization.

According to the plant manager Unga Group Limited has a process called Hoshin Kanri which assists in staff performance appraisals. It consist of an important objective that is significant to ensure the success of reviews which are done each month. This model is designed in a way that the objectives of the firm are installed from the plant level such that every staff member in the firm has an objective that is related to the plant Managers objectives. Strategies are done by use of Kaizen projects done at the departmental level and re-examined with the staff goals on a monthly basis.

Plant Manager have various objective linked to the overall strategy of the firm and dedication by the plant to achieve a strategy related project is done through the Company project charter. Some of the strategic objectives of Unga Group Limited include; ensuring customer satisfaction, to produce quality products, to achieve and maintain market share leadership and to achieve individual and collective goals of the company. The research revealed that objectives are clarified at Unga Limited; since there are many strategies linked to projects that are part of the employees operations this brings light for the target that the employees are required to meet at the end of the business.

4.3 Situational Analysis

The study sought to establish whether Unga limited collected and analyzed information on organizations, internal and external surrounding to understand the companies abilities, clients and business surrounding where the company expect the operations to take place and ensure that all that are served under this surrounding are all comfortable and are getting the best that is required out of them as a company.

4.3.1 Whether the Company Periodically Gathered Data

In this section, the respondents were asked whether Unga Group limited periodically gathered data on external and internal practices affecting the business, including the market factors. The study results show that all the six respondents (CEO, plant managers and line managers) indicated that Unga Group limited gathered data periodically on external and internal practices affecting the business. The company gathered information and studied the market trend of their products and also the market share of the competitors to ensure that they remained the leader in East Africa.

4.3.2 Situational Analysis and Identification of SWOT to the Business

The participants were requested to show whether the external and internal situational analysis carried out by the company helped identify key strengths, weaknesses, opportunities, and threats to the business. All the respondents indicated that the company conducted situational analysis identify key strengths, weaknesses, opportunities, and threats to the business.

The CEO in particular indicated that internally, there was continual improvement (CI) which was a continuous to enhance products, services, or processes. The employees engaged with management on aspects such as brand operational potential. Externally, the company conducted environmental analysis on the market/ competition from rivals, government policy, and change in technology.

All plant managers indicated further that this analysis was able to identify the SWOT of the business. Some of the Strengths identified were – production of quality products, availability of the company products and the image of Unga Limited in the market as they are considered to have good experience in the Milling industry. The Weaknesses were financial constraints

to expand more and expensive products beyond those of competitors. The opportunities were that the company was capable to produce new products and increase the market share; and was in a position to negotiate with government to have raw materials through importation which arrives at fair price. The Threats were increased competition and presence of alternatives such as homemade animal feeds which tend to lower the sales of the company.

4.4 Environmental Scanning

The research sought to find out whether Unga Group limited carried out internal and external environmental scanning and identify the tools they used. The participants were further requested to state whether they identified the Strengths, Weaknesses, Opportunities, and Threats of the business and whether they feedback helped the management in selecting the most relevant strategies for the realization of organizational goals and objectives

4.4.1 Whether the Company carries out Environmental Scanning

The line managers stated that the company carries out environmental scanning (both internal and external). Internally, The Company uses continual improvement audits where employees in all departments are audited based on set key performance indexes (KPIs). Externally, the company used of customer surveys helps the organization understand what the market needs. Market research for the company was carried by some contracted research firms. The company also used its sales persons and field officers who studied the market and came up with data through the use of questionnaires. This was made possible since the sales people were able to interact with customers who are the end user of the products. The marketing team strategized on customer feedback and market research and flow up on performance of the products to end consumers.

The environmental scanning is an ongoing exercise with the market acumen record giving the essential data on the external threats presented by the business surrounding. The market intelligent unit consists of the sales, distribution and the management team. The unit meets the management team monthly to give progress of the market intelligent record and any possible threat in the firm environment. The Line managers indicated that even though they have a market intelligence unit, it is difficult to determine and foresee all the possible threats in the environment and this poses a problem to the actions of the firm.

4.4.2 Whether SWOT help the Management choose the Appropriate Strategies

The respondents were asked to indicate whether the environmental scanning helped identify the Strengths, Weaknesses, Opportunities, and Threats of the business; and how it helped the management in the realization of organizational goals and objectives. The findings revealed that all the respondents the CEO, plant managers and line managers reported that the environmental scanning conducted by Unga Group Limited helped the company identify the strengths, weaknesses, opportunities, and threats of the business which further helped the management in choosing the most appropriate strategies to create, maximize on business profit and achieve business objectives. The five out of the six further indicated that the SWOT analysis was very important since the company used the analysis to forecast, and have a future road map/ plan in advance.

However, one of the line managers indicated that the environmental scanning did not help achieve the best strategies for the company. Some of the weakness identified were not keenly addressed or put into consideration due to individual/ personal interests where some people wanted to benefit directly (for example on outsourcing/procurement) even when the company was falling or performing poorly.

4.5 Formulation of Key Strategies for the Company

The respondents were asked to indicate whether the management was committed in terms of providing resources for formulation of key strategies to address the internal and external environmental factors affecting Unga group limited. The CEO indicated that the management was committed and this is evident since a post on strategy was created in the company, to work closely with other managers to meet the goals of the company. Also, adequate resources were supplied to marketing employees to ensure that advertisements are made regularly to counter competitor actions. For instance, the sales team was given good vehicle which are well serviced to ensure they run their work smoothly and reach far than the competitors.

The research revealed that the management team consisting of top level management, middle and lower levels were involved in strategy formulation. The company Unga Group takes early action to systemize the strategy in order to create ownership and acceptance of the of the strategy. All the plant managers indicated that the management team must demonstrate clear control of the strategy by clearly telling the fine points and importance of the strategy. The management should look for suggestions and backing from staff members to assist in promoting the strategy. Policies and procedures should be clearly defined to enable smooth running of the strategy.

4.6 Evaluation and Control Practices

The participants were requested to show whether Unga group limited had clearly explained and measurable performance targets for each strategic management plan element. All the six respondents agreed that Unga group limited has set clear, defined and measurable performance targets for each strategic management plan they were executing. All the respondents further stated that performance targets were measured through set KPIs.

Internally performance targets were also measured through audits while externally it was done through surveys. These tools were used to measure the performance of every employee and also help award them. The set targets were measurable and reviewed periodically for example, every month.

Evaluation and control demands that the company policy making principles must have a strategy supportive system, a supportive cost, competent staff placed in suitable positions, put down objectives, internal supportive administrative structure, and visionary leadership that encourages and control the development movement in a conducive, inventive and responsive surrounding.

4.7 Performance at Unga Limited

The respondents were asked to indicate areas that in which the management of Unga Limited would want to get good results for the organization to be considered to have performed. The respondents overwhelmingly indicated that the company would like to improve sales and production. High sales would mean that the products are moving while high production would show that there is high demand for the products. A good sales turnover would also lead to high profit margin.

Other than increase in sale, the CEO also indicated that he would like to improve on customer satisfaction, increase in profit and expansion (opening up of new branches and plants). He further reported that the company was keen on improving on procurement and production of materials; that is, the company was seeking to bring raw materials at minimum cost possible and do conversion/production at a very competitive rate. The company was also seeking to enhance plant maximization and quality throughput. And since 85% of resources was made up of employees; the management of Unga Limited considered them the most sensitive and the management needed to get good results from them.

4.8 Performance Improvement through Strategic Management Practices

The study enquired from the respondents whether Unga Limited had experienced any improvement in performance in the areas it had adopted strategic management practices. All the six respondents indicated that Unga Limited had improved in performance in the areas it had adopted strategic management practices.

One of the plant managers explained that, for instance in Sales, Unga group limited adopted a distributorship network which had seen its products available in most regions of the country; thus increasing the market share. In production, the use of Kanban and continual improvement had improved the quality of products. The Continual improvement strategy also helped the company to sustain and improve on focused direction.

The line managers further indicated that strategic management practices made it possible for the company to acquire (expand) by purchasing a bakery factory. The strategic management practices also made it easy to track and solve problems that may arise; reduce expenses thus increasing the company's profits. The CEO acknowledged that the profits have been increasing every year which shows the performance is improving.

4.9 Challenges affecting the Formulation and Implementation of Strategies

The research also sought to establish whether there were challenges that affected the formulation and implementation of strategies in Unga Group Limited in a bid to boost the performance of the company. The some of the respondents acknowledged that Unga limited experienced in formulation and implementation of strategies. They include; increase in the price of raw materials which result to increase in price of the products; under-performing branch in Uganda which has been closed since it was not able to compete with the market

(with other firms in Uganda). All the interviewed plant managers revealed that there was a challenge of shortage of raw materials which affected production, and subsequently the company's sales; insufficient research and development; poor quality control; government policies and other economic challenges which affect the business environment. One of the line managers reported that bureaucracy and organization culture challenges affected the formulation and implementation of strategies in the organization.

Although the management had shown leadership in creating leadership in building commitment ownership was not fully achieved from the staff members. There was resistance from some of the employees who refused to participate in strategy implementation.

4.10 Discussions of Findings

The results of the research on strategic management practices at Unga Group Limited indicated that the firm has a well-structured management unit tasked with the duty of safe guarding that the strategic management practices are adopted at corporate level. The results of the research revealed that efforts were made to adopt strategic practices in the company in order to achieve and maintain a competitive edge and motivate employees.

The finding of the study revealed that the company had laid down strategic objectives which assist the firm in achieving and maintaining market share leadership. The study indicated that Unga limited strived to achieve customer strategic objective by focusing on expanding sales and introducing new products in the market by conducting proper market survey. The study revealed that Plant Manager have various objective linked to the overall strategy of the firm and dedication by the company to achieve a strategy related goal is done through the Company project charter. The objectives are clarified because there are several strategy connected projects.

Boribon (2012) studied the strategic change for business sustainability in the commercial bank sector in Thailand. The study collected information by use of structured questionnaires which were issued to the top managers of commercial banks. Strategic change management had a positive impact on performance of the banks as per the findings of the study. Bernadette (2014) did a study on evaluating implementation of strategic performance management practices in universities in Uganda. The purpose of this research was to propose a tool for assess putting in practice of strategic performance management (PM) by examining the strategic PM approaches in public universities in Uganda. Data was collected from the respondents who were university heads by use of questionnaires. The findings indicated that strategic performance management is highly implemented by the universities in Uganda and leads to improved quality.

The study results indicated that Unga Group limited gathered data periodically on external and internal practices affecting the business. The company gathered information and studied the market trend of their products and also the market share of the competitors to ensure that they remained the leader in East Africa.

The research revealed that the management team consisting of top level management, middle and lower levels were involved in strategy formulation. The findings stated that management unit must demonstrate clear control of the strategy by interacting clearly the points, value and usefulness of the strategy. The management must also seek suggestions and support from staff members which helps in promoting the strategy.

The findings stated that performance targets were measured through set KPIs. Internal performance targets were measured through audits while externally it was done through surveys. These tools were used to measure the performance of every employee and also help award them. The set targets were measurable and reviewed periodically for example, every

month. The findings of the study indicated that strategic management practices made it possible for the company to expand. The strategic management practices also made it easy to track and solve problems that may arise; reduce expenses thus increasing the company's profits.

The findings revealed that Unga limited experienced challenges in formulation and implementation of strategies. These challenges include; increase in the price of raw materials which result to increase in price of the. The study revealed that there was a challenge of shortage of raw materials which affected production, and subsequently the company's sales; insufficient research and development; poor quality control; government policies and other economic challenges which affect the business environment. Bureaucracy and organization culture challenges also affected the formulation and implementation of strategies in the organization.

Yunus (2010) studied strategic management approaches and corporate performance of small enterprises in Lagos metropolis. The research established that strategic management had an impact on the share market of small enterprises. The findings revealed that strategic management implementation had positive connection on organizational effectiveness. For the impact to be felt, the research suggested that suitable strategic planners, strategic position, strategic analysis and alternatives have to fit. Strategy implementation involves putting the strategy into action and continuously managing the changes required to keep the organization aligned to the realization of its long term goals (Johnson & Scholes, 1999). It ensures that the strategies adopted by a firm and ways in which they are implemented meets the objectives of the firm (Thompson et al., 2003).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section shows a summary of results, conclusion, and recommendations of the research established on the objective of the research. It involves synthesizing of major issues of the objectives as deduced from the entire research.

5.2 Summary of Findings

The research sought to determine the strategic management practices that Unga Group Limited in Kenya had adopted and how they affected performance. The study found out that the company conducted and situational analysis, environmental scanning of their business environment, formulation practices, and evaluation and control practices.

On situational analysis, it was found out that Unga limited gathered data periodically on external and internal practices affecting the business. The company used the information gathered to study the market trend of their products, their customers, and also the market share of the competitors to ensure that they remained a market leader. It also helped them identify key strengths, weaknesses, opportunities, and threats to their business. Some of the Strengths identified were: production of quality products, availability of the company products and the image of Unga limited in the market as they are considered to have good experience in the milling industry. The Weaknesses were financial constraints to expand more and expensive products beyond those of competitors. The opportunities were that the company was capable to produce new products and increase the market share; and was in a position to negotiate with government to have raw materials through importation which arrives at fair price. The Threats were increased competition and presence of alternatives such as homemade animal feeds which tend to lower the sales of the company.

On environmental scanning, it was found out that Unga Limited carried out environmental scanning, both the internal and external business surrounding. Internally, the company used continual improvement audits where employees in all departments are audited based on set key performance indexes (KPIs). Externally, the company used of customer surveys helps the organization understand what the market needs. Market research for the company was carried by some contracted research firms. The company also used its sales persons and field officers who studied the market and came up with data through the use of questionnaires. This was made possible since the sales people were able to interact with customers who are the end user of the products. The environmental scanning conducted by Unga Limited helped the company identify the strengths, weaknesses, opportunities, and threats of the project. This further helped the management in choosing the most appropriate strategies to create, maximize on business profit, and achieve business objectives.

On the formulation of key strategies for the company, the study found out that the management was committed on formulation strategies in the company. The top management provided adequate resources especially on marketing, advertisements to ensure employees carried out their functions smoothly. The study also found out that Unga group limited had set clear, defined and measurable performance targets for each strategic plan they were executing. Internally performance targets were measured through audits and set KPIs while externally it was done through surveys. The set targets were measured and reviewed periodically.

On performance of Unga Limited, the study found out the company wanted to improve sales, customer satisfaction, expansion by opening up of new branches and plants. The company also sought to improve on procurement and production of materials; that is, to be able to procure raw materials at minimum cost possible and enhance plant maximization and quality

throughput. The company was also keen on its employees who were a key resource to the and therefore needed to get good results from them. The study further found out that the company improved in performance in the areas it had adopted strategic management practices. For instance in Sales, Unga group limited adopted a distributorship network which had seen its products available in most regions of the country; thus increasing the market share. In production, the use of Kanban and continual improvement had improved the quality of products. The Continual improvement strategy also helped the company to sustain and improve on focused direction.

The study found out there were challenges that affected the formulation and implementation of strategies in Unga Limited. They include; increase in the price of raw materials which result to increase in price of the products; under-performing branches which have been unable to compete in the market and organization culture. The other challenges were unavailability of raw materials which affected production; insufficient research and development; poor quality control; government policies and other economic challenges which affect the business environment.

5.3 Conclusions of the Study

The study concludes that Unga limited had laid down strategic objectives which were to provide healthy quality products, and be a market leader in our country and in the east Africa Region. To achieve this, the company conducted and situational analysis and environmental scanning of their business environment. The company conducted situational analysis with an aim of gathering information to study the market trend of their commodities their customers, and also the market share of the competitors to ensure that they remained a market leader.

The findings revealed that the firm did environmental scanning on its internal and surrounding environment. The objective was to identify external opportunities and threats. There is increased changes as businesses have become more aggressive and information from surrounding environment adds on to important component to the success of long-term plans. It is critical to know rivals actions since the environment has become volatile.

The research concludes that Unga Limited experienced challenges that affected the formulation and implementation of strategies in a bid to improve the performance of the company. These challenges include; increased price of raw materials; insufficient research and development; organization culture; poor quality control; government policies and other economic challenges which affect the business environment.

5.4 Recommendations of the Study

The research proposed that the leadership of Unga Limited must allocate and provide adequate resources, both financial and human resources, to support strategic management practices adopted by the organization. Resources are key to strategy implementation. Besides provision of resources, leadership should also enhance a supportive organization culture that would support the company's strategies. Successful implementation of strategic management practices is dependent on good organizational culture.

The study recommends that management of the company should ensure adequate communication on the company's strategic management practices. There should be proper cascading of the practices so as to reach all target staff and to be well embraced by the employees. This would enhance commitment on the part of the employees ensuring that they effectively implement the strategic management practices.

The study further recommends there should be continuous monitoring and evaluation of strategies adopted by the company. Through continued monitoring and evaluation, they would get informed of the performance of the strategies and therefore take relevant actions at the right time and thus ensure successful implementation of the strategies. Strategic managers must not only identify the current state of the environment but be able to anticipate future positions. Continued monitoring would lead to an intense study, predicting and analysis to develop a more reliable forecast on the future of the firm.

5.5 Suggestion for Further Research

This research sought to determine how the strategic management practices affect performance at Unga Group Limited in Kenya. This was a case study of one company in the milling industry. The study recommends a further study be carried out in other milling firms in Kenya for comparison of the results.

This research can be adopted by other firms in order to form more factors that influence the practice of strategic management in the firms. The research could be reproduced to other Milling firms such as Mombasa Maize Millers and Pembe Millers in order to find out whether the practices are similar and if they are affected by the same factors. In summary combining of the study suggest that a mixture of approaches used to undertake out this research as a case study method may not have exhausted the problem or produced robust findings hence the need to use of in-depth interviews together with surveys might assist solve the issues.

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APPENDICES

APPENDIX I: Letter of Introduction


UNIVERSITY OF NAIROBI
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P.O. Box 30197
Nairobi, Kenya

DATE...18/10/2017

TO WHOM IT MAY CONCERN

The bearer of this letter ...WABUSAGA CAROLINE NASIMILI


Registration No.....DGJ/79279/2015.....

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.....


PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS

APPENDIX II: Interview Guide

Strategic Management Practices Adopted by Unga Group Limited, Kenya.

Part A: General Information

Name of employee.....

Job title.....

Department.....

Part B: Strategic Management Practices

1. What are strategic objectives of Unga group limited?
2. Does Unga Group limited annually collect and evaluate statistics data about the market and other external or internal factors which affect its business?
3. Does the external or internal market research identify key strengths, weaknesses, opportunities, and threats to the business? And which are they?
4. How does Unga Group limited carry out internal and external environmental scanning?
Which tools are used?
5. Do the identified strengths, weaknesses, opportunities, and threats to the business help the management in choosing the most appropriate strategies for the realization of organizational goals and objectives?
6. Is the management committed in formulation of key strategies to address the internal and external environmental factors affecting Unga group limited? Do they provide adequate resources?
7. Does Unga group limited set clearly defined and measurable performance targets for each strategic management plan element? Yes or No? Which ones are they?

8. In which areas of Unga Limited does the management need to get good results for the organisation to be considered to have performed?
9. Has there been any improvement in performance in each of these areas since Unga limited adopted strategic management practices? Explain.
10. Are there any challenges that affect the formulation and implementation of strategies in Unga limited in a bid to improve the performance of the organization? Specify.