Strategic Management Practices and Performance of Quantity Surveying Firms in Nairobi City County, Kenya

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ABSTRACT

Successful organizations recognize the significance of strategy as a tool in administration and understand that their survival is reliant on how well they adopt new strategies or improve existing strategies in an effort to respond to changes brought about by the environment. While the quality of strategy is imperative, we cannot overlook the importance of effectively implementing the strategy. Numerous organizations seem to have problems in executing their strategies. This study sought to investigate strategic management practices and their effect on performance of quantity surveying firms. The specific objectives were to investigate the effect of commitment of top management; communication process; organizational culture; and activity coordination on performance of quantity surveying firms in Nairobi City County. The study used descriptive research design. The target population was the fifty-six registered quantity surveying firms in Nairobi City County, Kenya. The respondents of this study were the employees at the selected twenty-four quantity surveying firms in Nairobi, Kenya. They included directors, senior managers, middle-level manager, and junior staff. A total of one hundred questionnaires were distributed to the participants in all the departments. The research relied on primary data. Data was collected using self-administered questionnaires while employing a drop and pick method. The study data was analysed using Statistical Programme for Social Science software. Multivariate regression model was employed to determine the relationship between commitment of top management, communication process, organizational culture, activity coordination and performance. The study determined that the commitment of top management to firm performance was positive but statistically insignificant. The study found that the communication process had a positive and statistically significant effect of performance. The study found that organisational culture had a positive and statistically significant effect on performance. The study also established that activity coordination had a positive and statistically significant effect of performance. The study concluded that top management commitment has no significant impact on performance of quantity surveying firms in Nairobi County while the communication process, organisational culture and activity coordination significantly impact their performance. The study recommended that for the organizations to perform effectively, their communication process, culture and activity coordination need to be properly checked. The study also suggested that other studies need to be conducted to establish all the other factors that determine the performance of quantity surveying firms in Nairobi City County.

Key Words: Strategic Management Practices, Performance of Quantity Surveying Firms, Organization Performance
1. INTRODUCTION

Despite the experiences of many organizations, strategy implementation tends to pose a great challenge. It is conceivable to transform strategies and plans into distinct activities essential to deliver great business performance, yet it is difficult. Numerous firms continually fail to actually inspire their workforces to work with eagerness, all together, towards the corporate objectives. Most have strategies, but few are able to achieve them. It is upon the particular organization to identify the implementation challenges and come up with mechanisms of overcoming them (Hill & Jones, 2009). There is a solid overall inclination to the creation and formulation of strategy as opposed to the employment and implementation of strategy. Any inability to execute strategy would compromise the competitive advantage of an organization in regard to its business or its industry. The construction business has experienced a forceful trend which complements design and project construction work in nearly every site, in this way affecting competition and market share. Hence, this requires the need for embracing of strategic management practices amongst the construction companies whereas considering the various changes in communication, technology, market advance among others. As illustrated by Blair (2009), construction companies are more and more being called upon to re-examine and review their strategies so as to have power over an unpredictable market.

Adoption of superior strategic management practices provides firms with new means for survival, growth and maintaining a sustainable competitive advantage (Omerzel & Antoncie, 2008). According to Bryson (2010), strategic management can be seen as an organized course which involves all levels of the firm with the definitive intent to outline a mission that describes the firm, reflect a common vision of the firm's path and in particular, include the structure of long term aims and objectives which includes financial growth and stakeholder appreciation while maintaining moral and ethical contemplations in the decision making process. Wheelen and Hunger (2006) view strategic management as a set of management choices and actions that determine the long-term performance of a firm. Lately, management experts have continued to build towards formulating more sophisticated ideas about organizational performance. Otieno (2013) adopts the definition of organizational performance as the accomplishments of an organization with respect to some standard. Accomplishment and failure are seen as the two ends of the performance scale (Njanja, 2009). Organizational performance encompasses the concrete yield or outcomes of an organization measured against its planned productions (Ngui, Mukulu & Gachunga, 2014). Whereas the definitions may differ between the authors, they are in agreement that organization performance is about achieving superior results and/or achievement of objectives.

Performance is the main concern of every business director or owner. To determine the level of organization performance, balance scorecard is used. Balance scorecard uses both financial and non-financial standards to measure performance (Njanja, 2009). Kaplan and Norton (2001) talk of four basic perspectives of performance namely; financial perspective, customer perspective, internal process perspective, and growth perspective. Performance in this study will focus on growth, profitability and customer satisfaction. A quantity surveyor is someone responsible for and in charge of making sense of what a development venture will cost. They have additional duties as well, particularly making sure that construction expenses and production are managed as proficiently as possible. Quantity surveyors are also entrusted with carrying out feasibility studies on a project, write requirement for a client and occasionally manage claims and provide financial status of a project as it progresses. The services offered by quantity surveyors are
broadly concerned with ensuring that the assets of the construction development are used in the best way possible by giving financial management and consultancy services to the client throughout the construction process. In Kenya the professionals involved have a common identity and are regulated by statutes and codes of ethics (The Quantity Surveyor Journal, June-Aug, 2017, 22). The quantity surveying profession in Kenya has undergone tremendous growth since it was introduced locally from the United Kingdom. This growth is as a result of advancement in the market environment and technology. Presently there are a large number of locally trained quantity surveyors as compared to a handful in the 1970’s. The number of firms offering these services has also seen unprecedented growth; with over a hundred registered local firms in operation today (The Construction Review, May 2016).

2. STATEMENT OF THE PROBLEM

Most organizations spend resources in making strategies that are never executed and, and hence, organizational goals are not achieved. Strategy implementation is where strategy is transformed to activity to achieve the intended objective. The various strategic management practices adopted by a firm determine how it is to achieve its planned goals. The actual worth of strategy can only be acknowledged through implementation. The capacity to implement a strategy is more significant than the quality of the strategy itself (Kaplan & Norton, 2001; Martin, 2010). Most organizations have the expertise and awareness to generate good strategy - implementing it, though, is another problem. Numerous organizations do not have the tools for transforming strategy into an implemented process that ensures responsibility but then is adjustable to change (Kaplan & Norton, 2001). Various researches have been conducted on the strategies that the construction companies have utilized over time. However, not many studies have explored the effect of commitment of the top management, the communication process, organizational culture and activity coordination on performance of quantity surveying firms. Munuhe (2014) explored these factors at H-Young & Co. East Africa Ltd. He established that strategy implementation is influenced by organization culture, commitment of top level management, communication process and activity coordination. However, the study did not focus much on how these factors affect the performance of the firm. The research was also based on a single firm (H-Young & Co. East Africa Ltd) and hence generalization of the findings is not reliable. Njagi (2017) in her study on at TotoHealth Kenya concluded that strategic management practices are only effective in improving performance only if they are applied positively. The study however did not focus on organizational culture and activity coordination as factors affecting performance. Njeru (2015) concluded that adoption of strategic management practices influence organization performance. She however did not look into how the specific factors influence performance. In reference to quantity surveying firms, there are improper strategic management practices that have resulted to poor performance of the firms. The study sought to investigate how the strategic management practices employed by quantity surveying firms in Nairobi City County, Kenya influence their performance.

3. OBJECTIVES OF THE STUDY

The objective of the study was to investigate the effect of strategic practices on performance of quantity surveying firms in Nairobi City County, Kenya.

The study sought to attain the following specific objectives:

i. To determine the effect of commitment of the top management on performance of quantity surveying firms in Nairobi City County, Kenya.
ii. To establish the effect of communication process on performance of quantity surveying firms in Nairobi City County, Kenya.

iii. To assess the effect of organizational culture on performance of quantity surveying firms in Nairobi City County, Kenya.

iv. To find out the effect of activity coordination on performance of quantity surveying firms in Nairobi City County, Kenya.

4. THEORETICAL REVIEW

This section deliberates the appropriate theories that support the study. The study is based on four key theories, that is: Resource Based View theory, Argyle Communication Cycle theory, Vygotsky’s sociocultural theory and Goal setting theory.

4.1 Resource Based View Theory

The Resource Based View of the firm is a developing strategic management theory of the firm that clarifies the variances in firm’s prosperity that cannot be credited to variances in the industry. This theory was initially crafted by Penrose (1959) and later studied by other researchers who expanded on the effect that the tangible and intangible assets have on the performance of the firm. The resource based view (RBV) of Wernerfelt (1984) proposes that competitiveness can be attained by creatively providing superior value to customers. The resource based view theory amplifies the significance of internal resources inside the firm and the usage of these resources in creating strategy to attain sustainable advantage in the firms’ competitive markets (Schroeder et al., 2002). According to the RBV, a firm’s internal competences govern the strategic decision it makes in competing in its external environment. This is in accordance with the impact that strategic management practices have on the performance of a firm. Resources, capabilities and knowledge attained over time produce choices for future business consideration and give a firm power over its competitors (Kogut & Kulatilaka, 2001). Performance of a firm, whether short term or long term, can be influenced by taking advantage of capabilities and resources that are considered to be valuable and rare providing a greater advantage and offer leverage towards the achievement of the organization’s strategic objectives (Barney, 1991). This theory here tries to explain the effects of commitment of the top management on performance. Top management through their organizational skills determine how well or not a firm performs in the market. This is through their decision making on how the firm’s resources will be allocated, provision of the needed resources, provision of training and their participation in implementation of strategy that they impact performance of the organization.

4.2 Argyle’s Communication Cycle

Argyle’s communication theory was developed by Argyle (1972). It’s a cycle focusing on six main notions that come in the form of a sequence. In step one, a thought first occurs and the message is coded in stage two when the idea needs to be shared. In this stage the thought is put into a form of correspondence and it could be any sorts of verbal or nonverbal correspondence style. In the next stage, the encoded message is sent to the other individual, for instance talking, signing written document or other means of communication. In step four, the other individual would receive the message. In the next stage, the other individual would interpret the message by making assumptions as to what have been said in the message. In the final step, the individual would comprehend the message by building up a communicating means. There are various aspects that could impact the communication and interpersonal relations either positively and
negatively. These aspects comprise the environmental elements like surroundings where the communication is happening; it may not be appropriate for the specific kind of communication. For instance, when speaking with the senior persons in the business, formal communication is required all the time (Barnett et al., 2012). Occasionally, due to unsuitable sitting, lighting or space, the effective communication and interpersonal interaction can be hindered. Time is a key element in communication. If communication last for sufficient time, the message can be comprehended by the other individual. According to Nelissen and Van (2008), strategic corporate communication is a methodical approach to communication planning which requires that all significant receiver groups are reached, that information is circulated in the right manner, that evaluations are done, and that a comprehensive aim analysis is part of the early stages of a project. This leads to an organization undertaking corporate communication in a planned manner and attaining their organizational goals through the roles it plays. This theory explains the effects of communication process on performance. Organizations with good communication structures are able to achieve great performance as all members are aware of what is expected of them towards the achievement of the organization goals.

4.3 Vygotsky’s Sociocultural Theory

Vygotsky’s sociocultural theory of human learning explains learning as a social course and the beginning of human intelligence in the society. It was postulated by Vygotsky (1934). The main subject of Vygotsky’s theoretical framework is that social interaction plays an essential role in the growth of cognition. Vygotsky supposed everything is picked up on two levels. Through contact with others, and then assimilated into the person’s mental structure. The “Management study guide” (2012) recognized some factors that impact an organization culture. Workers influence the culture of a firm as it is through their interests, perceptions, attitudes, mentalities and thought process that organization culture is formed. It additional expresses that organizations with many youngsters inspire healthy rivalry at the work place and workers are continually on toes to do better than fellow employees. The goals and objectives of an organization influence its culture. The “Management study guide” (2012) states that the strategies and processes intended to attain the purposes of the organization add to its culture. This theory here explains the effects of organizational culture on performance. Through their interactions, employees form a way of relating with one another and of dealing with issues thereby forming a culture within the organization. The kind of culture formed determines the performance of the organization.

4.4 Goal Setting Theory

Goal Setting Theory as postulated by Fred (2011) asserts that the positive connection between goals and performance is necessary and almost absolute. It states that performance in organizations is improved when objectives are precise and thought-provoking. Objectives are moreover used in organizations to measure performance. Morelli and Braganza (2012) stated that executives have a common agreement that goal setting enhances performance and this is why they come up with goal centered programs such as Management by Objectives (MBO), High-performance work practices (HPWPs), Management Information Systems (MIS) and Strategic planning. Goal setting theory is one of the motivational theories which emphasize that workers ought to be motivated into attainment of the specified objectives. The creation of goals guide workers attention in the direction of goal appropriate targets (Kinicki & Kreitner, 2009). Thorgren and Vincent (2013) proved in literature that goal-setting theory enhances the performance of persons, teams and organizations. In the global dynamic business world, human assets are important in steering organizations towards performance and the goal setting theory
encourages the motivation of workers in achieving organizational objectives. Wachira (2014) suggested that workers ought to set goals which should inspire them to perform better if followed. In the event that the goals are not realized, they have an opportunity to adjust or enhance them. Locke and Latham (2006) stated that the tougher the objectives are, the more inspiring they are as it involves tougher work to realize the objective. Kangangi (2014) states that there is a connection between how hard and specific a goal is and how staff performance of the assignment will be. This makes the theory relevant to the present study particularly as far as activity coordination is concerned; taking special cognizance that coordination is a goal oriented framework for better performance. When people know what goals they are to attain, they are able to coordinate their activities in order to achieve them.

5. CONCEPTUAL FRAMEWORK

A conceptual framework is an analytical tool with various variations and backgrounds. It is utilized to make abstract distinctions and organize thoughts. It captures both the independent and dependent variables in an easy to remember manner.

Commitment of Top Management

- Participation
- Resource provision
- Training

Communication Process

- Opinions
- Message delivery mediums
- Information sharing

- Shared assumptions
- Values
- Beliefs

- Team work
- Tasks definition
- Competing activities

Performance of QS Firms

- Growth
- Profitability
- Customer satisfaction

Figure 1: Conceptual Framework
6. METHODOLOGY

The research applied descriptive research design. The target population for the study were the registered fifty six quantity surveying firms in Nairobi City County, Kenya. They were the employees in the following departments: the directors, senior managers, middle-level managers, and junior staff. The sample of respondents was drawn from the workers of the selected firms. The research used random stratified sampling technique to select the sample. This study considered directors, senior managers, middle-level managers, and junior staff to be knowledgeable on strategic management practices and performance at their firms. This is because these are the people in charge of implementation of strategies. This constituted a total of one hundred (100) participants. As per Mugenda and Mugenda, (2012) a sample of at least 30% is ideal.

Information was collected using self-administered questionnaire. Before processing the responses, the filled questionnaires were checked for completeness and uniformity. Quantitative data collected was examined using descriptive statistics using statistical package for social sciences (SPSS) and presented via means, percentages, standard deviations and frequencies. The information was presented by use of graphs, charts and in prose-form. The researcher further employed a multivariate regression model to determine the connection amongst commitment of top management, communication process, organizational culture, activity coordination and performance. The researcher considered regression technique to be suitable because of its capability to test the nature of influence of independent variables on a dependent variable. Hence, the researcher used the regression analysis to analyze the data. The analyzed data was displayed in the form of figures and tables. The research used inferential statistics to measure the quantitative data which used multiple regressions using the SPSS. Multiple regression analysis is a statistical method used to find out the relationship between one dependent variable and one or more independent variables (Hair et al., 2010).

7. RESEARCH FINDINGS

In this study, multiple regression analysis were conducted in order to establish the effect of strategic management practices on the performance of selected quantity surveying firms operating in Nairobi County, Kenya. The model summary is given in order to determine how well the study data fits the regression model. The model summary is given in Table 1.

Table 1: Model Summary

<table>
<thead>
<tr>
<th>Model Summaryb</th>
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<tbody>
<tr>
<td>Model</td>
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<td>1</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Commitment of Top Management, Communication Process, Organizational Culture, Activity Coordination

b. Dependent Variable: Performance

The summary given in Table 1 indicates that the coefficient of correlation (R) is 0.639. This means that the association between the dependent and independent variable is 0.639. The
computed $R^2$ is found to be 0.409. The $R^2$ is the coefficient of determination. This summarises the degree to which variation in the dependent variable is explained by the independent variables in the model (Gujarati, 2003). Implying that 40.9% variation of performance of the selected Quantity Surveying firms sampled in this study is determined by commitment of top management, communication process, organisational culture, and activity coordination. The remaining 59.1% of performance is determined by variables not included in the study.

Table 2 presents the result of the ANOVA test or F-test. The F-test indicates the significance of the multiple linear regressions (Gujarati, 2003). In the F-test, the null hypothesis is that the independent variable has no effect on the dependent variable.

**Table 2: ANOVA**

<table>
<thead>
<tr>
<th>Model</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>10.017</td>
<td>4</td>
<td>2.504</td>
<td>16.415</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>14.493</td>
<td>95</td>
<td>.153</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>24.510</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*b. Predictors: (Constant), Management Commitment, Communication Process, Organizational Culture, Activity Coordination*

The p-value < 0.050 establishes that the regression model is significant which indicates that the data collected was appropriate for drawing conclusions on the subject matter. Given the p-value of 0.000 the model is found to have goodness of fit. These results indicate that commitment of top management, communication process, organisational culture, and activity coordination significantly influence the performance of the selected quantity surveying firms sampled in this study.

Table 3 gives a summary of the multiple linear regression coefficient estimates including the intercept and the significance levels.

**Table 3: Regression Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>5.620</td>
<td>.339</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>Commitment of Top Management</td>
<td>.071</td>
<td>.070</td>
<td>.100</td>
<td>1.006</td>
</tr>
<tr>
<td>Communication Process</td>
<td>.300</td>
<td>.041</td>
<td>.774</td>
<td>7.398</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>.241</td>
<td>.044</td>
<td>.492</td>
<td>5.455</td>
</tr>
<tr>
<td>Activity Coordination</td>
<td>.292</td>
<td>.064</td>
<td>.548</td>
<td>4.556</td>
</tr>
</tbody>
</table>

*a. Dependent Variable: Performance*

The first objective of the study was to determine the effect of the commitment of top management on the performance of a select number of quantity surveying firms operating in...
Nairobi County, Kenya. The study established that the effect of commitment of top management on firm performance was positive but statistically insignificant as implied by $\beta$ of 0.71; p-value 0.317. These findings contradict the findings of Meir et al., (2007), Juma and Okibo (2015), and Korir, Rotich and Bengat (2015). The second objective of the study was to establish the effect of the communication process on performance. The results summarised in Table 4.15 imply that communication process has a positive and statistically significant effect on the performance of a select number of quantity surveying firms working in Nairobi County, Kenya as indicated by $\beta$ of 0.3 and p-value of 0.000. The findings indicate that a unit increase in the communication process will result in a 0.3 increase in the level of performance of the quantity surveying firms sampled. These findings are consistent with the findings of Giles (2011).

The third objective of the study was to assess the effect of organisational culture on performance. The study established that there is a positive and statistically significant relationship between organisational culture and the performance of quantity surveying firms in Nairobi County, Kenya. The results presented in Table 4.13 indicate that a unit increase in the organisational culture will result in a 0.241 increase in the performance of the quantity surveying firms sampled in this study. The findings are consistent with the findings of Lewis (2010), Fernandez and Raines (2013), and Knowles (2015). The fourth objective of the study was to find out the effect of activity coordination on the performance of the quantity surveying firms operating in Nairobi County, Kenya. The findings summarised in Table 4.13 indicate that the effect is positive and statistically significant. The findings indicate that a unit increase in activity coordination will lead to a 0.292 increase in the level of performance of the Quantity Surveying firms sampled for this study. These findings are consistent with the findings of Lawal et al., (2012), Yunus (2010), and Muogbo (2013).

8. CONCLUSIONS

Based on the findings of this study, it is reasonable to conclude that commitment of management does not impact the performance of quantity surveying firms in Nairobi City County. The insignificant effect of commitment of top management leads to the conclusion that the participation of top management in strategy implementation, the provision of resources by top management for strategy implementation, training provision, and the seeking of employee inputs during the process of strategy implementation were unnecessary. The influence of the communication processes was found to contribute significantly to the performance of the sampled firms. The study concludes that the flow of information within an organisation is critical to its success. The study concluded that information should be clear and consistent. Further, the study concludes that for the communication process to be effective, the communication channels should be open to everyone.

The study found that organisational culture has a positive effect on the performance of the firm. As such it can be concluded that the clearly defined vision and mission statements give the organisation a sense of direction and purposes. The engagement of employees in the process of strategy formulation and the reward system for implementation of strategy are good measures to ensure that the company goals and objectives are achieved. Based on the findings that activity coordination has a positive and significant effect on the performance of the firms, the study concluded that teamwork is a vital part of ensuring success within an organisation. The study further concluded that activity coordination allows the firm to implement different projects concurrently thus limiting the distractions from running more than one project at a time.
9. RECOMMENDATIONS

In view of the findings, the study recommends that management should show more commitment to the firms. The managers need to spend more of their time planning and implementing strategy, the management of the quantity surveying firms need to allocate more resources and provide training to the staff and seek employee input during the process of strategy formulation and implementation. Based on the findings that the communication process has a positive effect on performance, the study recommends that the channels of communication should be deepened. The study established that information was clear and consistent and flowed from top management to junior staff. The study recommends that the flow of information should also flow from the junior staff to top management.

The study found that organisational culture has a positive effect on performance. The study, therefore, recommends that the management of the quantity surveying firms should put more effort in the formulation of the firms’ vision and mission statements. Further, the study recommends that the management of the quantity surveying firms should solicit the opinions of the employees during the development of firms’ goals and objectives as their participation is critical for the overall achievement. In view of the fact that activity coordination has a positive and significant effect on the performance of quantity surveying firms in Nairobi City County, the study recommends that the management of the firms should develop more mechanisms to reduce the distractions from the numerous projects that the firm is undertaking at any given time. Additionally, the study recommends that each employee should be assigned a specific task.

REFERENCES


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