# EFFECT OF STRATEGIC AGILITY ON ORGANIZATIONAL PERFORMANCE OF STEEL MANUFACTURING FIRMS IN KENYA

**BY**

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**SCHOOL OF BUSINESS AND ECONOMICS**

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## DECLARATION

I declare that this research project is my original work and has never been submitted for an award of a degree in any other university.

Sign ……………………………………… Date………………………………….

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This project has been submitted for examination with my authority as the university supervisor.

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# DEDICATION

This project is dedicated to my family and friends.

## ABSTRACT

Steel plays a crucial role in today's economy, serving as an indicator of a country's economic strength and reflecting investments in infrastructure. In Kenya, the steel industries accounts for approximately 13% of the manufacturing sector and is interconnected with complementary sectors such as housing, construction, energy, electronics, and chemicals. However, the steel industries in Kenya faces various challenges that hinder its ability to adapt to changing market dynamics and emerging technologies. Key among these challenges are high electricity costs, inadequate infrastructure, expensive inputs, heavy taxes competition from well established brands, volatile market prices, political instability and significant capital requirements. Previous research has not explored strategic agility as a potential solution to mitigate the effects of these challenges, specifically examining the impact of strategic agility moderators such as organizational culture, leadership, flexibility, and strategic sensitivity. Therefore, the study's objective is to investigate the effect of strategic agility on the performance of steel industries in Kenya. Specific objectives of the study were; to establish the effect of organizational culture on performance of Kenyan Steel Manufacturing Firms, to determine the influence of leadership on performance of Kenyan Steel Manufacturing Firms, to investigate the effect of flexibility on performance of Kenyan Steel Manufacturing Industries and to examine the effect of strategic sensitivity on performance of Kenyan Steel Manufacturing Firms. The study was anchored on Dynamic Capabilities Theory and Ambidexterity theory to understand organizational adaptability. Using a correlational research design, the study targeted 33 steel industries in Kenya, with respondents of 132 top managers. Census method was used to study the respondents with primary data collected through structured questionnaires, which constituted of quantitative questions. Reliability tests was conducted using Cronbach's Alpha with a threshold value of 0.7. To ensure validity, the study sought expert opinions and conducted a comprehensive literature review. Multiple regression analysis was employed to examine the relationship between the variables. The independent variables accounted for 53.8% proportion of variance in performance. It is evident from the results that all model coefficients were significant except Leadership (Sig=.986, $p>0.05$) and Flexibility (Sig=.315, $p>.05$). The findings also shows that the B statistics, Organization culture ($B = .393$, $p <.05$) had positive significant effect on performance. Leadership ($B = .001$, $p >.05$) minimal effect on performance which also was not significant. Flexibility ($B= -.052$, $p >.05$) had a negative effect on performance and was not significant, (Sig=.315, $p>.05$). Strategic Sensitivity ($B = .168$, $p <.05$) had positive significant effect on performance. In addition, Organization culture, strategic sensitivity model coefficients were found to be positive, indicating that they had a positive significant effect on performance. Flexibility coefficient was found to be negative, thus negative effect on performance. The study concludes that Organizational culture had positive effect on performance, leadership had no significant effect, flexibility had no significant effect, and strategic sensitivity had a positive significant effect on the performance of Kenyan Steel Manufacturing Firms. The study recommends that firms should invest in cultivating a strong and positive organizational culture, promote cross-functional collaboration within the organization, and invest in continuous leadership development programs. The findings may be significant to the steel manufacturing industries particularly in the improvement of their strategic agility. Scholars may also find a wealth of empirical findings for referential purposes while the government and other stakeholders may use these findings in decision making.

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## LIST OF ABBREVIATIONS

| | |
|---|---|
| **GDP** | Gross Domestic Product |
| **HODs** | Head of Departments |
| **IDF** | Import Declaration Fee |
| **IMF** | International Monetary Fund |
| **KAM** | Kenya Association of Manufacturers |
| **PLS** | Partial Least Square |
| **SEM** | Structural Equation Modelling |
| **SME** | Small Microfinance Enterprises |

## OPERATIONAL DEFINITION OF TERMS

| | |
|---|---|
| **Strategic Agility:** | Is the ability of a company to maintain its competitive edge by identifying potential threats, mitigating risks, and taking advantage of opportunities |
| **Organizational Performance:** | Refers to a company's capacity for effectively and efficiently achieving its long term aims and objectives. These goals are usually measured quantitatively. |
| **Organizational Culture:** | Organizational culture encompasses a set of shared beliefs, norms, and behaviors that serve as a guiding framework and influence the conduct of individuals within a team. |
| **Leadership:** | is a process of influencing a group towards achieving a common goal or objective. It is the ability to motivate and direct others towards achieving a shared vision. |
| **Flexibility:** | is the ability of organizations to adapt quickly and effectively to changing circumstances, whether they be environmental, technological, or competitive. |
| **Strategic sensitivity:** | Pertains to an organization's capacity to effectively scan and acquire knowledge about its external environment, while also evaluating its internal capabilities and aligning its functions and behavior in a manner that supports its goals and objectives. |

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# CHAPTER ONE

# INTRODUCTION

## 1.1 Background to the study

This part provides an overview of the background material related to the subject matter under investigation. It also outlines the problem that is being addressed, the purpose of the study, the research objectives, and the significance of the study. Additionally, it delimits the scope of the study and presents the conceptual framework that will guide the research.

The concept of "strategic agility" has received a lot of attention during the past seven years as a means by which businesses may deal with the challenges posed by an increasingly volatile and uncertain business climate. According to Goldman et al. (2015), a company's strategic agility is its ability to quickly create and implement new strategies in response to changing market conditions and client demands. This idea of competitiveness places an emphasis on flexibility in the face of change.

Similarly, Ahearne et al. (2016) define strategic agility as the ability of an organization to sense, seize, and transform opportunities in a timely and effective manner. This definition emphasizes the importance of being able to identify and capitalize on emerging opportunities before competitors can, as well as being able to transform the organization in response to changing market conditions. On the other hand, Doz and Kosonen (2018) define strategic agility as the ability of an organization to continuously reconfigure its resources, processes, and relationships in response to changing market conditions. This definition highlights the importance of being able to make rapid and flexible changes to the organization's internal structure in order to adapt to external changes.

Stiehl and Lieberman (2020) provide a similar definition of strategic agility: the capacity to quickly and successfully alter one's strategy in response to sudden shifts in one's external environment. This term highlights the need for quick course corrections in the face of unforeseen shifts in market conditions. Strategic agility, as defined by Zhu et al. (2021), is an organization's capacity to perceive, react to, and alter its environment in order to sustain a competitive edge. A more advantageous competitive landscape can be cultivated through proactive shaping of the external environment, as highlighted by this term.

Finally, Edith Forsyth (2022) defines Strategic agility as the ability of a company to maintain its competitive edge by identifying potential threats, mitigating risks, and taking advantage of opportunities. It emphasizes the importance of proactive risk management and opportunity seeking to maintain a competitive edge. This definition aligns with the notion that strategic agility involves an organization's ability to sense and respond to changes in its environment, as well as its ability to shape the environment to its advantage.

Strategic agility has been defined in various ways by different authors over the past several years. However, a common thread among these definitions is the importance of being able to adapt quickly and effectively to changing market conditions in order to remain competitive. Additionally, many of these definitions highlight the importance of being able to sense and capitalize on emerging opportunities, as well as the importance of being able to transform the organization in response to external changes. Swafford et al. (2011) highlighted the use of strategic enablers in measuring strategic agility. Strategic enablers refer to the factors that enable an organization to develop and maintain agility. These factors can include organizational culture, leadership, flexibility and strategic sensitivity

According to Wong (2020), an organization's culture consists of "the shared beliefs, norms, and behaviors that characterize a group." An organization's culture, as defined by Schein (2016), is "a pattern of shared basic assumptions that a group learned as it solved its problems of external adaptation and internal integration. Which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems." According to Schein (2016), three tiers make up an organization's culture: artifacts and actions; values; and underlying assumptions. Culture's artifacts and behaviors are the things that people can see and interact with, such customs and traditions. Organizational values are the guiding concepts and beliefs held by all members of the group. An organization's perspective and method of approaching problems are shaped by its underlying assumptions, which are the unconscious, taken-for-granted ideas and attitudes of its members.

According to the findings of Kim and Cameron (2012), the presence of a robust organizational culture that places emphasis on innovation, risk-taking, and cooperation can significantly augment an organization's capacity to conceive and execute novel strategic initiatives. Conversely, certain scholarly investigations have underscored the potential adverse consequences associated with a strict or dysfunctional organizational culture in the context of strategic management. A deterioration in performance may result, for instance, from an organizational culture that places a premium on conformity and stability, as was discovered in a study by Kudryavtsev and coworkers (2018). The success of a business is greatly influenced by the company's culture, which is an essential part of organizational behavior. An organization's performance and adaptability to environmental changes can be improved through the cultivation of methods that take into account the culture's underlying beliefs, assumptions, and habits.

Northouse (2018) looks at leadership as a process of influencing a group towards achieving a common goal or objective. It is the ability to motivate and direct others towards achieving a shared vision. Baum and Wally (2003) noted that strategic change leadership plays a critical role in achieving organizational goals. Similarly, Muriithi (2018) found that leadership is an essential factor in driving organizational change, while Shin et al. (2015) highlighted the significance of ethical leadership in promoting firm performance. While there is a general consensus that leadership is critical for organizational success, there have been contrasting views on the most effective leadership styles. Transformative leadership, which entails motivating and energizing subordinates to accomplish outstanding results, has been highlighted in a number of academic works (Bass, 1985; Northouse, 2018). However, other research has found that executives that emphasize rewarding employees for good performance have the most success (Bass & Avolio, 1993).

Critics of the concept of leadership have argued that it is often overemphasized, and that the focus should be on developing a collective approach to decision-making and problem-solving (Collinson & Collinson, 2011). However, despite these criticisms, leadership remains a crucial factor in organizational success. While there are varying views on the most effective leadership styles, there is a general agreement that leadership is essential for achieving organizational goals. Further research is needed to explore the various leadership styles and their influence on agility for organizational performance.

Flexibility is the ability of organizations to adapt quickly and effectively to changing circumstances, whether they be environmental, technological, or competitive (Zhang et al., 2019; Redmond et al., 2018). Flexibility can take many forms, including flexibility in resource allocation, process design, and organizational structure, and is often seen as a key enabler of innovation and customer responsiveness (Chen et al., 2017). Thus, organizations can enhance their agility by developing flexible structures, processes, and systems that enable them to effectively respond to changing circumstances. Kim and Roh (2021) found that flexibility is positively related to strategic agility in the context of small and medium-sized enterprises (SMEs). They argue that flexibility enables SMEs to quickly respond to changes in their competitive environment, resulting in increased agility. This ability has been found to positively affect organizational effectiveness, as supported by the findings of Raisch and Birkinshaw (2018). However, Chae and Olson (2018) found that while flexibility positively influenced innovation performance, this relationship was moderated by environmental uncertainty. In other words, the positive effects of flexibility on innovation performance were lessened in highly uncertain environments. Similarly, Yoon and Lim (2019) investigated the impact of organizational flexibility on firm performance in the context of the Korean retail industries. They found that while organizational flexibility was positively related to performance, this relationship was weaker in highly competitive environments. This suggests that the benefits of flexibility may be contingent on the specific industries context and competitive dynamics. These findings suggest that while flexibility is generally considered a key enabler of strategic agility, it is not a panacea and its effectiveness may be limited in certain contexts.

Organizations should carefully consider the trade-offs between flexibility and reliability when designing their strategies and operations, taking into account the specific demands of their industries and competitive environment.

Strategic sensitivity pertains to an organization's capacity to effectively scan and acquire knowledge about its external environment, while also evaluating its internal capabilities and aligning its functions and behavior in a manner that supports its goals and objectives. As noted by Pulaj & Pulaj (2015), strategic sensitivity can be focused on both present functions and future-oriented planning, with a key emphasis on addressing environmental uncertainties. Doz and Kosonen (2008) summarizes strategic sensitivity as a concept that involves a combination of foresight, insight, and simple probing, with emphasis placed on insight. Building capacities that are forward thinking and trend setting, as highlighted by Yarmohammadian et al. (2016), can enable organizations to maintain their effectiveness and remain competitive. Additionally, according to Zhao et al. (2006), strategic sensitivity requires specific work and behavior forms that enable organizations to adapt to their current market while also preparing for an envisioned future based on forecasts.

Sutcliffe and Vogus (2003) argued that strategic sensitivity involves paying attention to weak signals, which are early indicators of emerging changes in the environment. They emphasized the importance of external scanning and knowledge acquisition for detecting such signals. Similarly, Li et al. (2017) found that organizations with high strategic sensitivity tended to have better external sensing capabilities, which allowed them to adapt to changes in their environment.

Other scholars have focused more on the internal alignment and coherence aspects of strategic sensitivity. For instance, Pulaj and Pulaj (2015) argued that strategic sensitivity involves aligning the functions and behaviors of an organization to advance towards its goals and objectives. They emphasized the importance of internal assessment of capacities for achieving such alignment. In a similar vein, Foss and Knudsen (2003) found that organizational capabilities, which involve internal alignment and coordination of resources, are essential for achieving strategic sensitivity. Overall, scholars have different perspectives on what constitutes strategic sensitivity, with some emphasizing the external scanning and knowledge acquisition aspects, while others emphasize the internal alignment and coherence aspects. However, most scholars agree that strategic sensitivity is important for organizations to adapt to changes in their environment and achieve their goals and objectives.

According to Kiragu (2009), performance may be evaluated from four vantage points: money, customers, internal operations, and creativity. Profit margin, asset turnover, leverage, cash flow, and working capital are all measures of a company's financial health and ability to create money, which are all part of the financial perspective (Odhuno & Wadongo, 2010).  On the other hand, the customer perspective evaluates performance based on factors such as brand image, customer satisfaction, retention, and profitability. Internal processes refer to the efficiency and effectiveness of a firm's internal operations, systems, and processes, such as production processes, supply chain management, and human resource management. This perspective measures the ability of an organization to improve its internal operations, which can lead to increased productivity, reduced costs, and improved quality. Conversely, innovativeness refers to the capacity of a company to generate and execute novel concepts or approaches in order to enhance its overall performance.

This particular viewpoint centers on the advancement of novel products or services, innovative company strategies, or fresh methods that furnish the firm with a distinct competitive edge. According to Njihia et al. (2013), the authors argue that financial performance is a crucial indicator of organizational success and sustainability due to its substantial significance for shareholders, executives, and the market. However, Ittner and Larcker (2009) argue that financial performance measures alone may not be sufficient to gauge a firm's overall performance, and that operational and market influencers should be taken into account. Furthermore, Banker et al. (2012) suggest that non-financial measures are more effective in motivating managerial performance, as they align with the overall corporate strategy and provide insights into areas such as customer satisfaction, employee engagement, innovation, and social responsibility. In this study, market share, customer satisfaction and profitability will be used to measure performance.

Ambidexterity is a management term that emphasizes an organization's ability to succeed in both exploration and exploitation, two goals that are sometimes at odds with one another. Exploration is the process of looking for and trying out new possibilities; exploitation is the process of improving and expanding upon what already exists. By developing ambidexterity, businesses can keep their edge in the face of shifting markets and innovative new technology. However, dynamic capabilities theory places greater emphasis on an organization's capacity to reconfigure and integrate its resources and capabilities in response to quickly shifting external situations. It is widely agreed that success in the long run requires an acute awareness of, and responsiveness to, both environmental possibilities and risks. Strategic agility, defined as a company's ability to adapt quickly to shifting market conditions, relies heavily on both ambidexterity and the dynamic capacities theory. Balancing exploration and exploitation (ambidexterity) and fostering adaptability and innovation (dynamic capabilities theory) enable organizations to enhance their strategic agility and maintain competitiveness in uncertain circumstances.

The steel industries holds a significant position in the global economy, being the second largest industries after oil and gas, with an estimated turnover of $900 billion (Smith, 2020). It serves as a vital indicator of a country's economic status, reflecting investments in infrastructure and serving as a measure of progress and stability (Jones, 2018). In Kenya, the steel sector is closely intertwined with the growth of complementary industries such as housing and construction, energy and electronics, and chemical and allied sectors (Brown, 2022). Currently, the metal sector, specifically iron and steel, contributes around 13% to the country's manufacturing sector, which, in turn, contributes 7.8% to Kenya's GDP (Business Day, 2023). According to a report by TrendEconomy (2023), Kenya exported iron or non-alloy steel wire amounting to $2.39 million in 2021, representing 0.035% of the country's total exports. These exports accounted for 1.44% of Kenya's total sales in the same year. Similarly, Kenya imported $23 million worth of iron or non-alloy steel wire, accounting for 0.122% of the country's total imports. The imports of this commodity group constituted 1.86% of Kenya's overall imports in 2021. The Kenya Steel Manufacturing industries comprises 33 companies, providing direct employment to approximately 12,000 individuals, while indirectly supporting the livelihoods of 32,000 individuals (Kenya Association of Manufacturers [KAM], 2018).

Despite this role, the steel sector in Kenya faces numerous challenges that impede its competitiveness, and one of the primary concerns revolves around the considerable costs associated with inputs. For decades, Kenya has heavily relied on imported raw materials to fulfill its steel production requirements, rendering the sector susceptible to fluctuations in global prices. This vulnerability is closely linked to the devaluation of the Kenyan shilling, as the weakened currency has resulted in a substantial upswing in the price of imported raw materials. The exchange rate between the shilling and major currencies, notably the US dollar, has experienced a significant decline, with the average exchange rate in May 2023 recorded at Sh138.45, in contrast to Sh115.85 in May of the preceding year. Consequently, the cost of imported raw materials has increased by no less than 4 percent due to this depreciation in the exchange rate. Another contributing factor to the mounting prices within the steel industries is the exorbitant expenditures associated with transportation and logistics. The costs involved in moving goods from Mombasa to Nairobi have witnessed a surge from $30 per ton in March 2022 to $70 per ton in May 2023. This upsurge can be predominantly attributed to the escalation in diesel prices and the inadequate infrastructure, exacerbating the overall transportation costs.

Similarly, the steel industries in Kenya confronts hindrances in the shape of elevated tax rates. In comparison to neighboring nations like Uganda, which imposes no Import Declaration Fee (IDF), and Tanzania, where the IDF stands at 0.6%, Kenya enforces a 2% rate. Moreover, the industries bears an additional burden in the form of a 1.5% railway development levy, further amplifying the costs of production. Additionally, the electricity tariffs in Kenya are among the highest in the East African region, with an average price of $0.16 per kilowatt-hour (kWh). This surpasses the rates observed in countries such as South Africa, Egypt (at $0.03 per kWh), Morocco, Ethiopia (at $0.05 per kWh), and Tanzania (at $0.08 per kWh). This considerable disparity in electricity costs significantly inflates the expenses associated with production for local industries, thereby undermining their competitive position. The cost differential also presents a substantial challenge for Kenyan steel firms as they struggle to contend with international counterparts that enjoy access to more economically viable inputs (Juma, 2016).

Furthermore, the steel industries in Kenya contends with intense competition stemming from the influx of inexpensive steel imports, particularly originating from countries such as China. This surge in low-cost steel imports has led to diminished demand for domestically produced steel products, exerting further pressure on the local industries (Nzau, 2018). In addition, the steel sector faces governance-related obstacles, including issues of corruption, deficient policy and regulatory frameworks, and limited access to financial resources and capital. These multifaceted challenges impede the sector's growth and development, constraining firms from making investments in crucial technologies and innovative practices necessary for long-term viability and success (Kosgei & Wang, 2018). It is imperative to address these challenges comprehensively to bolster the competitiveness and sustainable advancement of the steel industries in Kenya.

### 1.2 Statement of Research Problem

The contemporary economy places significant emphasis on the steel industries due to their role as an indicator of a nation's economic well-being. It reflects investments in infrastructure, development, and stability. In Kenya, the steel sector is pivotal for the growth of related industries such as housing, construction, energy, and electronics. These potential supports infrastructure development, employment opportunities, and wealth creation. Yet, the industries grapples with complex challenges, including high electricity costs, inadequate infrastructure, expensive inputs, taxes, market volatility, and substantial capital requirements. Creating a steel business necessitates substantial investment and involves material wastage. To ensure profitability, steel firms must achieve high production and navigate regulatory compliance, market stability, and environmental concerns. Established steel companies from Asia, Europe, and the USA pose strong competition, and new players entering the market intensify the rivalry. This is accentuated by the East African Bloc's free trade agreement. Addressing these challenges demands strategic measures for local steel manufacturers to remain competitive and contribute to Kenya's economy. Numerous scholars have explored the link between strategic agility and firm performance. Helfat and Peteraf studied this in the US, while Hitt, Ireland, and Lee delved into strategic agility, innovation, and firm performance. Both found a positive relationship. However, results are mixed, with studies like Wilden et al. showing no direct impact of strategic agility on performance in Germany's manufacturing, and Kianto et al. finding no significant link in Finland's software industries. This suggests context matters, considering factors like industries and firm size. Limited local studies focused on the broader manufacturing sector, not steel. Gitau and Waweru identified factors influencing Kenya's manufacturing competitiveness. Chepkoech and Cheruiyot studied innovation's effect on Kenyan manufacturing, while Kiplang'at, Kihoro, and Mugure explored corporate governance's impact. A specific study on Kenya's steel industries is needed to understand its performance determinants and how strategic agility enhances competitiveness.

## 1.3 Research Objective

The general objective is to determine the effects of strategic agility on performance of steel industries in Kenya. The specific objectives are:

### 1.3.1 Specific Objective

1. To establish the effect of organizational culture on performance of Kenyan Steel Manufacturing industries.
2. To determine the influence of leadership on performance of Kenyan Steel Manufacturing industries.

3. To investigate the effect of flexibility on performance of Kenyan Steel Manufacturing Industries.
4. To examine the effect of strategic sensitivity on performance of Kenyan Steel Manufacturing industries.

## 1.4 Research Hypothesis

This study seeks to test the following hypotheses:

**$H0_1$**: Organizational culture has no significant effect on the performance of steel manufacturing industries in Kenya.

**$H0_2$**: Leadership has no significant effect on the performance of steel manufacturing industries in Kenya

**$H0_3$**: Flexibility has no significant effect on the performance of steel manufacturing industries in Kenya

**$H0_4$**: Strategic sensitivity has no significant effect on the performance of steel manufacturing industries in Kenya.

## 1.5 Scope of study

This study seeks to explore the effects of strategic agility on the performance of steel manufacturing firms in Kenya and was carried out within a two year period. The research specifically focused on 33 officially registered steel manufacturing companies operating within the geographical boundaries of Kenya, located approximately at 0.0236° S latitude and 37.9062° E longitude. The study investigated how the variables of strategic sensitivity, organizational culture, flexibility, and leadership influence strategic agility and its subsequent effect on the performance of steel manufacturing firms. The target population for this research comprises the HODs of the selected steel manufacturing companies in Kenya.

### 1.6 Significance of the study

At the organizational level, this study holds the potential of assisting managers in identifying crucial practices related to strategic agility and the necessary conditions for fostering adaptability, flexibility and agile strategic planning. Additionally, the study offers valuable insights into proactive strategies in turbulent and dynamic business environments. From a theoretical standpoint, this research represents a pioneering effort in developing a framework that establishes the connections between strategic agility and firm performance, thereby contributing to the existing body of knowledge in this field. The framework provides a structured approach for understanding and analyzing the relationship between strategic agility and various dimensions of firm performance. By addressing these objectives, the study aims to provide practical guidance for managers and contribute to the theoretical advancement of strategic agility research.

### 1.7 Conceptual Framework

According to Johnson (2020), a conceptual framework is a comprehensive system of concepts, assumptions, expectations, beliefs, and theories that establishes the foundation for research or practice. It offers a theoretical structure that researchers can utilize to develop and structure their studies, define variables, establish connections, and guide the process of data collection and analysis. In the context of this study, the conceptual framework will be instrumental in illustrating the anticipated relationship between the independent variables, namely strategic agility encompassing organizational culture, flexibility, leadership, and strategic sensitivity, and the dependent variable, which is organizational performance characterized by employee satisfaction and customer satisfaction. By employing the conceptual framework, the study aims to illustrate and explain the connections between these variables, contributing to a deeper understanding of how strategic agility influences the performance of organizations.

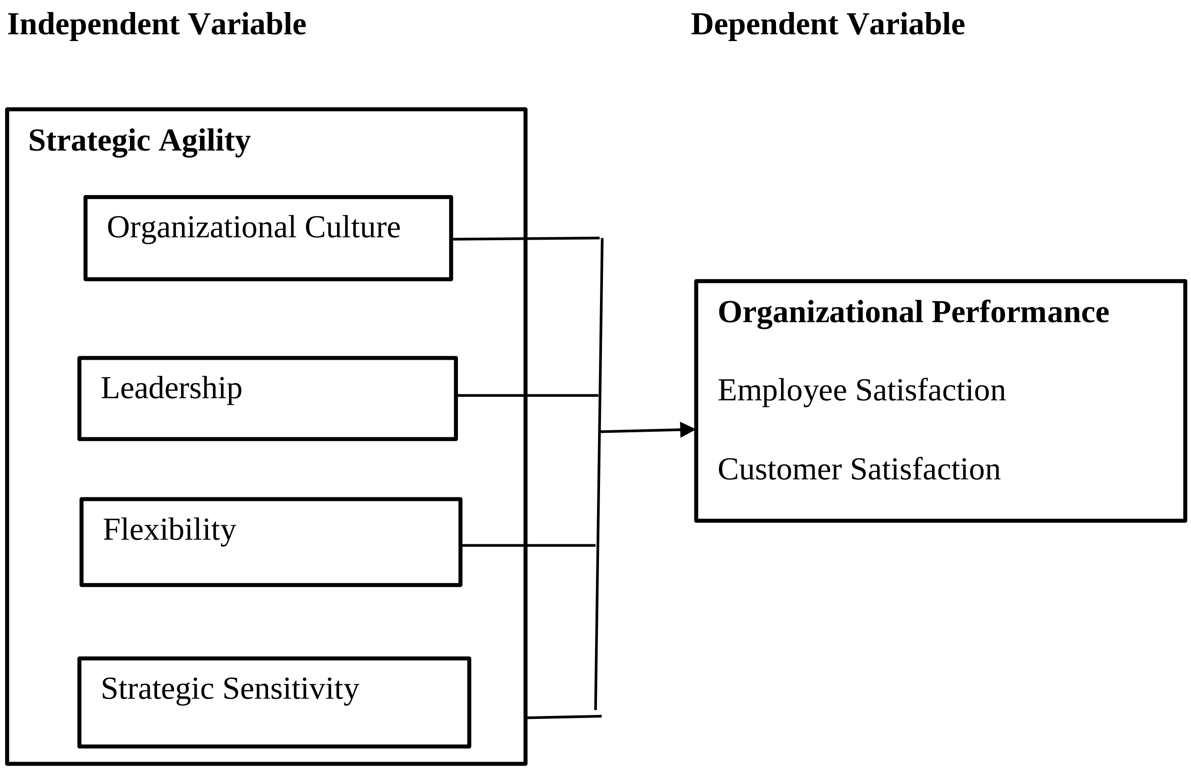


**Figure 1: Conceptual Framework: relationship between strategic Agility and Organizational**

***Adapted from Aye Oyedelo (2012)***

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Introduction

The present chapter provides a literature review on the subject of strategic agility and its impact on organizational performance. It also establishes the theoretical foundation of the study. Additionally, a summary of prior research and findings related to strategic agility and organizational performance is presented.

## 2.2 Theoretical Foundation

The study discusses various theories that explain the phenomenon of strategic agility and its impact on performance. A theory is a formal explanation of how things and events are related to each other. To develop the theoretical framework for this study, the researchers will review past findings of similar studies, make logical deductions, and identify relevant theoretical areas. The theoretical framework will guide the research by determining which variables to measure and which statistical connections to investigate in relation to the research problem. The study will draw on the following theories:

### 2.2.1 Ambidexterity Theory

Ambidexterity theory is a framework that suggests organizations need to balance exploration and exploitation to achieve both strategic agility and long-term performance. The theory argues that organizations should pursue exploration activities, such as innovation, experimentation, and venturing into new markets, while also exploiting their existing capabilities and resources to optimize their current operations and generate short-term profits. Duncan first introduced the concept of ambidexterity in 1976, who described it as "the ability of an organization to design and implement organizational structures, processes, and systems that are able to simultaneously pursue both incremental and radical innovation" (Duncan, 1976). March (1991) also proposed a similar concept, but he referred to it as "exploration and exploitation in organizational learning. Later, the theory was further developed and expanded by Charles O'Reilly and Michael Tushman in the late 1990s, and it has since become an influential concept in organizational studies.

According to O'Reilly and Tushman (2011), ambidexterity theory is based on the premise that organizations face a fundamental tradeoff between the need to explore new opportunities and the need to exploit existing resources and capabilities. Exploration activities are often risky and uncertain, and they may not generate immediate returns. In contrast, exploitation activities tend to be more predictable and reliable, and they can generate short-term profits. However, if organizations focus too much on exploitation, they may miss out on new opportunities and become vulnerable to environmental changes. Conversely, if they focus too much on exploration, they may neglect their existing operations and fail to generate the resources needed to sustain their growth.

To achieve ambidexterity, organizations need to create a balance between exploration and exploitation. This can be accomplished through various mechanisms, such as creating separate business units, establishing cross-functional teams, or implementing flexible organizational structures that can adapt to changing environments. By balancing exploration and exploitation, organizations can achieve both strategic agility and long-term performance, and they can avoid the pitfalls of focusing too much on either one.

Ambidexterity theory has been used in a variety of contexts, including technology firms, manufacturing companies, and service organizations. Research has shown that technology firms that pursue both exploratory and exploitative activities tend to have higher levels of innovation and profitability than those that focus on only one of these activities (Gibson & Birkinshaw, 2004). Similarly, studies in manufacturing have found that companies that balance exploration and exploitation tend to be more resilient to environmental shocks and more likely to achieve sustained growth (He & Wong, 2004). The importance of ambidexterity theory lies in its ability to provide a framework for understanding how organizations can achieve both short-term performance and long-term growth in dynamic environments. By balancing exploration and exploitation, organizations can remain competitive and adaptive, and they can avoid the pitfalls of becoming too rigid or too focused on short-term gains. As such, ambidexterity theory is a valuable tool for managers and researchers seeking to understand how organizations can achieve strategic agility and sustained performance in a rapidly changing world.

### 2.2.2 Dynamic Capabilities Theory

The theory of dynamic capabilities provides a framework for understanding how businesses can develop and make the most of their assets in order to respond to shifts in their external environment and maintain a competitive edge over time. According to the notion, in order to keep up with the demands of a dynamic market, businesses must be able to detect shifts in their surroundings, identify opportunities, and reorganize their resources and skills accordingly. The concept of dynamic capabilities was first introduced by Teece, Pisano, and Shuen (1997), who defined it as "the ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments" (p. 516). The team identified three key processes that enable dynamic capabilities: (1) sensing changes in the environment, (2) seizing opportunities arising from those changes, and (3) reconfiguring the organization's resources and capabilities to respond to those opportunities. Eisenhardt and Martin (2000) and Helfat and Peteraf (2003) are only two of many academics who have built upon and enhanced the original hypothesis. Rapid adaptation to new circumstances is highlighted in the dynamic capacities model provided by Eisenhardt and Martin (2000). They proposed that businesses should cultivate skills in "sensing," "capturing," and "transforming" to succeed. To adapt to the ever-evolving needs of the market, businesses must first "sense" the environment, "seize" new opportunities, then "transform" their internal structures and operations.

Helfat and Peteraf (2003) expanded on the concept, highlighting the significance of resources and capabilities in the development of adaptable ones. They argued that in order to adapt to shifting external conditions, businesses should possess both measurable and intangible assets and skills. They also stressed the value of strategic adaptability, which allows businesses to better meet changing market demands. Among the many applications of dynamic capacities theory is its explanation of the function of organizational learning and knowledge management in innovation (Eisenhardt and Martin, 2000). (Zollo and Winter, 2002). Additionally, scholars have used dynamic capabilities theory to study the strategies and practices of successful companies, such as Amazon (Zott and Amit, 2010) and Apple (Teece, 2012)

According to the dynamic capabilities hypothesis, in order to maintain a competitive edge in the face of shifting market conditions, businesses must continually strengthen and improve their internal resources and skills. Several academics worked to establish and refine the idea, which is now utilized to shed light on the strategies employed by flourishing businesses. Organizations can better adapt to the ever-evolving needs of the market and exploit emerging opportunities by developing "dynamic capabilities."

### 2.2.3 Strategic Agility

When referring to a company's ability to adapt to shifting market conditions and preserve a competitive edge, the term "strategic agility" is often used. Firms that exhibit high levels of strategic agility are better able to foresee and capitalize on change, helping them to maintain their strategic preeminence despite shifts in the market (D'Aveni, 1999; Thomas, 1996; Doz and Kosonen, 2007; Jamrog et al., 2006). Day and Schoemaker (2005) found that businesses that practice strategic agility are better able to spot and react to new opportunities and risks, which in turn inspires the development of novel business models and value propositions. Teece (2007) argues in a similar vein, emphasizing the importance of strategic agility in helping businesses efficiently manage their resources and thereby create novel products and services in response to ever-evolving consumer demands.

In addition, strategic agility indicates that a company may efficiently focus its resources on the most important strategic concerns, acquire and integrate new resources, and repurpose existing ones (Hamel & Prahalad, 1993). This exemplifies the company's skill in creating and mastering heuristics for tackling complicated problems (Lei, Hitt, & Bettis, 1996). According to the literature on competitive dynamics, decisiveness and a broad action repertoire are other indicators of agility (Ferrier, 2001; Ferrier et al., 1999; Grimm, Lee, & Smith, 2006). Other indicators of agility include response speed, quick directional changes, the number of strategic moves made in a given time period, the variety of strategic moves undertaken, and the firm's ability to initiate new action sequences.

To achieve strategic agility, firms need to adopt a flexible organizational structure that allows for quick decision-making and responsiveness (Lei et al., 1996). As noted by Benner and Tushman (2003), this requires an organization to have the ability to reconfigure its resources and capabilities to adapt to changes in the market environment. In addition to Flexibility, effective leadership is also critical for achieving strategic agility. Research by Hitt, Keats, and DeMarie (1998) shows that effective leadership is positively correlated with an organization's strategic agility. Leaders who are able to effectively communicate the organization's vision and goals, and who are willing to take calculated risks, are more likely to achieve strategic agility.

Another crucial factor that plays a critical role in achieving strategic agility is organizational culture as it supports learning, innovation, and adaptation. Naranjo-Valencia et al. (2018) found that organizations with a culture that supports agility are more likely to embrace change, experiment with new ideas, and take calculated risks. O'Reilly and Chatman (1996) suggest that culture is a key element of an organization's identity and can shape its ability to adapt and change. Furthermore, a culture that supports agility can help overcome resistance to change, encourage collaboration and cross-functional teamwork, and focus on learning and continuous improvement (Doz & Kosonen, 2010; Kale, Singh, & Perlmutter, 2000). A culture of agility is also linked to strategic flexibility, which involves the ability to adapt strategies in response to changing market conditions (Eisenhardt & Martin, 2000).

Finally, according to Eisenhardt and Martin (2000), strategic flexibility, which is closely related to strategic agility, requires both sensitivity to changes in the market and the ability to respond quickly to those changes. Similarly, Teece et al. (1997) argue that strategic sensitivity is critical for firms to be able to anticipate changes in the market and develop effective strategies. A study by Ferrier et al. (1999) found that firms with high strategic sensitivity were more likely to exhibit strategic agility, as they were better able to anticipate changes in the market and adjust their strategies accordingly. Similarly, a study by Hitt et al. (2001) found that firms that were able to sense changes in the market quickly and accurately were more likely to be able to respond quickly and effectively, leading to greater strategic agility.

### 2.2.4 Organizational Performance

According to Sushil (2018), an organization's performance is measured by how well it meets its goals. Mwita (2010) argues that performance is a multidimensional construct with an emphasis on outcomes that is intrinsically tied to an organization's strategic objectives. According to Atkinson (2012), performance is when an organization is able to produce the outcomes that its stakeholders want. According to Tangen (2005), "performance" is a catch-all term for everything having to do with the prosperity of a company and its operations. According to Njihia, Obara, and Mauti (2013), measuring performance is useful since it allows businesses to keep tabs on how they're doing, pinpoint problem areas, boost morale, smooth over communication, and hold people accountable. According to Awino (2011), it is crucial for an organization's success to achieve high returns and to identify performance drivers from the top down. According to Richard, Devinney, Yip, and Johnson (2009), performance is synonymous with the three Es of a program or activity: economy, efficiency, and effectiveness. Sok, O'Cass, and Sok (2013) and Daft (2010) both define organizational performance as the extent to which an organization is able to achieve its goals and objectives through the efficient and effective application of its resources. According to Jarad (2010), there are two forms of performance that can be measured: financial and non-financial. Sales, profits, ROI, and cash flow are all examples of indicators of financial performance. These metrics reflect an organization's revenue generation capacity and overall financial health. Non-financial performance indicators, on the other hand, tend to concentrate on things like customer satisfaction, staff engagement, innovation, and corporate social responsibility. These indicators reveal how well an organization is doing in terms of reaching its objectives and satisfying its stakeholders.

According to Kiragu (2009), performance may be evaluated from four vantage points: money, customers, internal operations, and creativity. Profit margin, asset turnover, leverage, cash flow, and working capital are all indicators of a company's financial health and ability to create money, and hence are fundamental to the financial perspective (Odhuno & Wadongo, 2010). When looking at performance from the consumer's point of view, aspects like brand loyalty, customer satisfaction, and profitability are taken into account. A company's internal processes are those that occur within the company itself, and include things like production, supply chain management, and human resource management. An organization's potential to boost output, cut expenses, and enhance quality are all evaluated from this vantage point. On the other side, innovativeness refers to a company's propensity to come up with and adopt novel approaches to old problems. In this view, the organization's competitive edge is derived from the creation of novel products or services, business models, or processes.

According to Njihia et al. (2013), because it has great value for shareholders, executives, and the market, financial performance is the most crucial indicator of an organization's success and sustainability. On the other hand, Ittner and Larcker (2009) contend that financial performance measurements alone may not be adequate to judge a firm's overall performance and that operational and market drivers should also be taken into account. In addition, Banker et al. (2012) argue that non-financial criteria, including as customer satisfaction, staff engagement, innovation, and social responsibility, are more effective in encouraging managerial performance.

### 2.3 Empirical Review

The empirical literature review focuses on the relationship between dependent and independent variables. In this study, the independent variables are centered around strategic agility, which includes factors such as flexibility, strategic sensitivity, organizational culture, and leadership. The dependent variable, on the other hand, pertains to the performance of steel manufacturing companies in Kenya.

#### 2.3.1 Organizational culture and Organizational Performance

A reviewed literature by Schein's (2010), explored the connection between organizational culture and leadership. The study revealed a positive significance effect of leaders in shaping and maintaining organizational culture, which had an impact on organizational performance. From the study findings, the researcher emphasized on the importance of aligning leadership behavior with organizational values and assumptions to promote employee engagement, commitment, and performance. The study offers valuable insights into assessing and changing organizational culture, as well as the risks of unintended consequences. Shahzad, Xiu, and Shahbaz (2017) used a survey-based technique on a sample of 215 software companies in Pakistan to investigate the link between organizational culture and innovation performance. From these results, we can conclude that there is a causal link between clan culture and innovative output. This negative relevance of market culture and innovation performance was further proved by the robust. The research conducted by Shahzad, Xiu, and Shahbaz (2017) found that organizational culture is an important determinant of innovation success in the software business in Pakistan. This finding was based on Schein's theory of organizational culture.

Olu-Owolabi's (2015) research into SMEs in Nigeria looked into the connection between company culture and results. A survey was used to gather information from 250 small and medium-sized enterprises (SMEs) in Lagos State. Organizational cultures were categorized into four distinct groups using the Competing Values Framework. Compared to SMEs with a strong market or hierarchy culture, those with a strong clan culture fared better in terms of profitability, growth, and customer satisfaction. Organizational culture was also found to mediate the connection between owner/manager traits and SME performance. Self-reported data is one of the study's flaws, as is the limited geographic reach. Further research is needed to understand the connection between organizational culture and performance in SMEs in Nigeria and other African countries, but the results suggest that SMEs in Nigeria should prioritize developing and maintaining a strong clan culture to achieve better performance outcomes.

Onyango and Ongori (2013) sought to evaluate the relationship between organizational culture and employee commitment in Nairobi, Kenya's manufacturing industries. Data for the study came from surveys given to 203 workers at various industrial firms in Nairobi. The research was a cross-sectional examination based on Schein's theory of organizational culture. Organizational culture was found to have a positive relationship with employee commitment and to be a more accurate predictor of employee commitment than demographic characteristics. Both the self-reported data and the cross-sectional nature of the study can be seen as flaws. Companies can foster a favorable culture to increase employee dedication and boost productivity, as suggested by the writers.

However, further study is needed to fully comprehend the complex relationship between company culture and employee dedication across industries and businesses in Kenya and the rest of Africa.

Zhang, Li, and Li (2017) investigated the relationship between organizational culture and performance in Chinese private firms through a quantitative research study. Data from 318 private businesses in China's Guangdong Province were used in a cross-sectional analysis. The authors used structural equation modeling to examine how the Competing Values Framework's four dimensions of company culture affect employee engagement, creativity, and profitability. Compared to market and hierarchy cultures, clan and adhocracy cultures were proven to have a beneficial effect on employee happiness and creativity. However, assessing financial data for privately-owned Chinese firms proved challenging, which may explain why no significant correlation was discovered between organizational culture and financial success. The self-reported nature of the data raises concerns about the reliability of the results. The study may not be generalizable to other organizational types or cultural contexts due to its narrow emphasis on Chinese private firms in a single province. The study concludes that private Chinese businesses can benefit from increased employee satisfaction and creativity by fostering a culture of positivity. To completely comprehend the connection between organizational culture and financial performance in this and other cultural settings, more research is needed.

Park, Lee, and Lee (2016) used regression analysis and the Competing Values Framework to investigate the connection between company culture and bottom line results in the South Korean hospitality business. However, clan culture did have a favorable effect on employee job satisfaction and retention, despite the study's main finding that there was no correlation between organizational culture and financial performance. Financial performance was also found to be negatively impacted by the prevalence of a hierarchy culture, while that of a clan, adhocracy, or the market had no influence. Self-reported surveys and the study's narrow emphasis on the South Korean hospitality industries are two of its flaws. Thus, it is important for future studies to investigate the connection between organizational culture and financial performance across a variety of sectors and cultural settings.

Olalekan and Adeyemi's (2019) research on Nigerian banking institutions examined the correlation between company culture and bottom-line results. Based on the Competing Values Framework, which classifies corporate cultures as ad hoc, clan, hierarchy, and market, this survey-based study recruited a sample of 221 workers from 10 different banks. To examine the impact of culture on financial performance, a regression analysis was conducted, with the inclusion of extraneous elements serving as control variables. The results showed a favorable association between clan and adhocracy cultures and economic success, and a negative relationship between market cultures and economic success. The small sample size of this study may limit its applicability to firms outside of Nigeria or to organizations in other sectors. The possibility of response bias in self-reported data is also acknowledged.

Lasrado and Vermal (2016) did a quantitative analysis in the Indian IT industries to learn more about the connection between company culture and bottom line results. The study used a cross-sectional research approach informed by the Competing Values Framework to analyze information gathered from both primary and secondary sources. Using a stratified random selection method, we picked 50 Indian IT firms and received 250 completed surveys. In contrast to the negative correlation between hierarchy culture and financial success, the authors discovered a favorable correlation between clan culture and financial success. Cultures of ad hocracy and the market were shown, however, to have no bearing whatsoever. The authors claimed that the good impact on financial performance may be attributed to the emphasis on teamwork and collaboration in clan culture, whereas the negative impact could be attributed to the rigid structure and lack of creativity characteristic of hierarchical culture. The study's limited sample size and reliance on self-reported questionnaires, which are vulnerable to response biases and mistakes, were limitations.

Employee happiness and creativity benefit from an organization's culture, and studies show that clan and adhocracy cultures are especially effective (Olu-Owolabi's, 2015). However, findings on the connection between company culture and bottom line performance vary widely between sectors and societies. Park, Lee, & Lee (2016) and Zhang, Li, & Li (2017) both found no significant relationship between organizational culture and financial performance, while other research indicated a positive link (Lasrado & Vermal, 2016; Olalekan & Adeyemi, 2019). More research is required to completely understand the factors that influence the connection between culture and performance.

### 2.3.2. Leadership and Organizational Performance

Kausar et al. (2018) set out to examine how transformative leadership affects business results in Pakistan. Both a cross-sectional design and the theory of transformative leadership were used in this investigation.  It found that transformative leadership improved employees' dedication, happiness on the job, and productivity. Organizational performance may also improve if transformational leadership methods are encouraged and promoted, the study found. Burnout and role overload are two potential drawbacks of transformative leadership that were not explored in this study.

Makori and Kinyua (2019) sought to evaluate the impact of the Co-Operative Bank of Kenya's leadership on the bank's performance. Theories such as the resource-based view theory, the leadership contingency model theory, the stewardship theory, and the path-goal theory served as foundations for this research. 148 participants representing various levels of banking management participated in the study, which employed a descriptive survey research approach. Questionnaires were used to collect the data, and descriptive and regression analyses were performed on the results. The analysis concluded that effective management was a major contributor to the bank's success. Good leadership, the study found, allowed bank management to assess each worker's skillset and make assignments accordingly. The study may have flaws due to its small sample size, its reliance on participants' honesty, its narrow focus, and its lack of qualitative information.

Thomas (2017) used quantitative methods to investigate the connection between transformative leadership and business results. Employees from a wide range of US-based businesses participated in a study grounded in the transformational leadership paradigm. The author used a web-based survey to collect data, which was then analyzed via structural equation modeling (SEM). According to the results, transformational leadership increases worker happiness, loyalty to the company, and productivity. Job satisfaction and organizational commitment were also found to be mediators of the favorable association between transformational leadership and performance on the job. The study's cross-sectional design and its focus on a single country's worth of workers were, however, significant caveats.

Chin and Huang (2018) looked at the connection between transformational leadership and financial success in Taiwanese SMEs. In particular, the moderating role of a firm's approach toward learning and innovation. The data was collected from 606 SMEs through a survey questionnaire and evaluated with structural equation modeling. The researchers focused their research on the theoretical frameworks of the transformational leadership theory and the resource-based vision theory. The research concluded that transformational leadership has a beneficial effect on financial performance, with learning orientation and firm inventiveness mediating this link. A stronger mediation effect was observed for a learning orientation than for a company's innovativeness. However, the study has flaws, including its reliance on self-reported data and its cross-sectional design, both of which undermine the reliability of the findings that adopting a transformational leadership style could increase financial performance in Taiwanese SMEs.

Mwakajila & Nyello (2021) took into account the moderating effect of firm characteristics as they investigated the connection between leadership styles (i.e., transactional, transformational, combination of transactional and transformational leadership, and passive-avoidant) and the financial performance of SMEs in Tanzania. Data from 110 SMEs were examined using mean and multiple regressions in a cross-sectional survey. Three theories of leadership (Transformational, Transactional, and Contingency) served as inspiration for this piece. The research concluded that transactional leadership had a considerable negative effect on SMEs' financial performance, whereas transformational and combined transformational and transactional leadership had a significant beneficial effect. The importance of a leader who is passive and avoids conflict has been debunked. Further, the impact of certain leadership styles on SMEs' financial performance was mitigated by ownership structure and business age. The study was limited by its cross-sectional methodology, reliance on self-reported data, and examination of only small and medium-sized enterprises (SMEs) in Tanzania. The findings may be generalizable to other nations or circumstances if the study's shortcomings are addressed in future research.

Semuel, Siagian, and Octavia (2017) did a quantitative study to look into the effects of leadership and innovation on the differentiation strategy and business performance of hotels in Surabaya, Indonesia. Questionnaires were sent out to all levels of management, from supervisors to CEOs, to collect the necessary information. Structural Equation Modelling (SEM) and Partial Least Square (PLS) were used for hypothesis testing, and SPSS was used for descriptive statistics. The results showed that leadership has an effect on hotel performance, either immediately or via an intermediary variable like innovation or distinctiveness. Leadership's impact on differentiation strategy was indirect, working instead via the medium of innovation.

Kitonga and Mwendwa (2017) conducted a convergent mixed-method study in Nairobi County, Kenya, to examine the effect of strategic leadership techniques on non-profit performance. There were 1,475 non-profits in Nairobi County that were aimed at. Organizational success in nonprofits was found to be significantly correlated with strategic leadership approaches. Specifically, the study indicated that strategic direction setting, human capital development, ethical practices, strategic control, and organizational performance all had positive connections. However, it may be difficult to draw firm conclusions about the effect of the training on organizational performance because the study did not include a control group of non-profits that did not get strategic leadership training.

Oyugi and Gogo's (2019) research attempted to learn whether and to what extent secondary school students' performance in Awendo sub-county was affected by the leadership styles of their principals. Data was collected from a sample of 35 principals, 340 instructors, and 1400 form four pupils in 2015 using descriptive survey and correlational approaches. The results showed that a leader's style accounted for 37.4% of the variance in students' grades, while a leader's autocratic style accounted for 43.8%, and a leader's laissez-faire approach accounted for 15.7%. Researchers concluded that principals should strike a middle ground between democratic and autocratic leadership, and should steer clear of the Laissez-faire approach. Although the study's findings are insightful, it should be noted that the correlational approach used in the research precludes drawing any firm conclusions about cause and effect. As a result, the study may have overestimated the impact of the association between leadership styles and academic success.

Koech & Namusonge's (2013) research into leadership styles in Kenyan state-owned enterprises attempted to compare the effects of more hands-off management with those of more directive managers. According to the results, the transformational leadership style was found to have a significant positive relationship with organizational performance, whereas the transactional leadership style had a weaker relationship. There was no link between a hands-off management style and better business results, according to the research. Limitations of the study included its failure to account for other characteristics that might have influenced the connection between leadership styles and organizational success, such as autocratic and servant leadership. Therefore, more study is required to fully comprehend the effect of various leadership styles on organizational output in Kenya.

Jangsiriwattana (2019) surveyed 301 Thai workers from a variety of industries to learn how their leaders' transformational and transactional approaches impacted their sense of job satisfaction and organizational success. Transformational leadership was found to positively correlate with both employee job engagement and perceived organizational performance in this social exchange theory-based study. Neither employee engagement nor participants' perceptions of their organization's performance were shown to be significantly correlated with transactional leadership. According to the results, transformational leadership has a higher potential for boosting employee engagement at work and positively impacting stakeholders' perceptions of an organization's success. The study is limited by its cross-sectional approach and its focus on Thai culture. The above-mentioned scholars define leadership as the capacity to anticipate and adapt to future changes, utilize strategic thinking, and foster collaboration to gain a competitive advantage. Leaders are able to switch gears, work together toward common goals, and keep difficult conversations on track. Thomas's (2017) operationalization of leadership identifies as its core components the provision of clear goals and directions, adherence to ethical standards, encouragement of employee engagement, open communication, and decentralized decision-making.

### 2.3.3 Flexibility and Organizational Performance

Koçyit and Akkaya (2020) hoped to analyze the connection between organizational flexibility and organizational agility in firms of varying sizes in their 2020 study. Using regression analysis, this study looked at responses from 111 managers at 46 different companies in the western area of Turkey. Organizational agility, as well as specific agility abilities including competency, flexibility, responsiveness, and speed, were found to be positively and significantly impacted by organizational flexibility. In his 2019 study, Acharya investigates how commercial e-learning providers' strategic performance metrics change as a result of increased organizational flexibility. Purposive sampling was used to choose 45 commercial e-learning providers in India for this investigation. Structural equation modeling (SEM) was used to assess the gathered data and put the proposed model and assumptions to the test. According to the research, commercial e-learning providers' strategic success metrics improve when their organizations are more adaptable. The research concluded that organizational adaptability positively affects the creative output, customer happiness, and financial results of e-learning service providers. According to the results, the connection between organizational adaptability and financial performance is mediated through innovation and consumer happiness.

The effect of organizational flexibility in the innovation processes of family enterprises was investigated by Broekaert, Andries, and Debackere (2016). Using a stratified random sampling method, the researchers questioned 187 family-owned businesses in Belgium. The resource-based view (RBV) and contingency theory guided the development of the study's assumptions and conceptual model. The findings indicated that family businesses with more adaptable organizational structures, routines, and decision-making processes were more likely to create new items that were first in their field and benefited their clientele. Family businesses that place a higher premium on traditional family values were also shown to be less adaptable and creative. Decentralized decision-making processes, cross-functional collaboration, and a culture of experimentation and learning are all advocated as means by which family enterprises might increase their organizational flexibility. The need of harmony between personal and professional priorities in fostering an innovative culture inside family businesses is also highlighted.

The study by Martnez-Sánchez et al. (2014) investigates the relationship between innovation, organizational flexibility, and firm performance through a survey of 268 Spanish businesses in various industries. The interrelationships between the variables were analyzed using Resource Base Theory and contingency theory. Organizations that exhibited both greater innovation and greater flexibility outperformed their less inventive and less flexible peers in both financial and non-financial metrics. In addition, organizations with more adaptability saw a more robust correlation between innovation and performance. Therefore, businesses could improve their performance by adopting a method of corporate structure and decision-making that is adaptable to the ever-changing nature of the marketplace.

Saeed et al. (2022) wanted to determine the effects of organizational adaptability on project portfolio performance, as well as the moderating effects of environmental uncertainty and innovation capacity. 224 Pakistani construction project managers were surveyed for the study. The conceptual framework of the study takes inspiration from resource-based view theory and contingency theory. According to the findings, businesses with more adaptable structures and methods of making decisions tend to produce better project outcomes overall. In addition, when environmental uncertainty was high and innovation capability was low, the favorable effect of organizational flexibility on project portfolio performance was found to be even more pronounced. Successful project portfolio performance, especially in uncertain contexts, is emphasized in the study, highlighting the necessity of organizational adaptability. Supporting the positive effects of organizational adaptability on project portfolio success may be a more robust innovation capability.

Anning-Dorson (2021) sought to examine the impact of a company's culture, leadership, and adaptability on its competitiveness, specifically focusing on small and medium-sized businesses (SMEs). This research project polled 195 small and medium-sized enterprises (SMEs) in Ghana.

The study's theoretical underpinnings came from the resource-based view and the idea of contingencies. Researchers concluded that adaptability in small and medium-sized enterprises (SMEs) is strongly influenced by both organizational culture and leadership. Greater organizational adaptability was linked specifically to a healthy company culture and strong leadership. This study also indicated that organizational flexibility improves small and medium-sized enterprise (SME) competitiveness. According to the results, small and medium-sized enterprises (SMEs) can improve their adaptability and competitiveness by placing a premium on cultivating an encouraging corporate culture and implementing sound leadership procedures.

Temtime and Pansiri (2005) set out to examine the connection between managerial competence and organizational flexibility in Botswana's SMEs. The study applied the theoretical frameworks of contingency theory and resource-based view theory to the results of a survey of 203 small and medium-sized enterprises (SMEs). The results showed a correlation between competent management and adaptability in the workplace, suggesting that small and medium-sized enterprises (SMEs) with competent managers are more likely to have adaptive structures and procedures for making decisions. In addition, the results demonstrated that innovative businesses operating in more unpredictable environments benefited more from a favorable relationship between management competency and organizational flexibility. Findings stress the value of training managers to steer small and medium-sized enterprises (SMEs) with agility and adaptability.

Chuku and Onuoha (2022) looked on how food and beverage companies in Nigeria's Rivers State responded to increased organizational flexibility. Out of a possible 176 managers and supervisors at 15 different food and beverage companies in the state, 123 were randomly selected to participate in the cross-sectional survey used in this study. Results showed a good correlation between operational and strategic adaptability, as well as cost-effectiveness and success. Therefore, the study finds that Rivers State's food and beverage companies can benefit from greater corporate performance if they increase their organizational flexibility. According to the findings, industries managers would be more successful if they adopted a more adaptable approach.

Otieno and Gulali (2022) used Dynamic capabilities theory and contingency theory in their study of the influence of flexibility on strategic agility and business effectiveness in Kenya's alternative energy sector. Using a census-style structured questionnaire, the researchers questioned 45 alternative energy enterprises in Kenya. The research concluded that flexibility has a positive and significant impact on organizational effectiveness, and that businesses functioning in uncertain contexts need to be open to change, adaptability, and mobility in order to cultivate agility and effectively respond to uncertainty. Employee mobility was shown to have the greatest impact on organizational success, and the study found that agile flexibility components positively impacted corporate effectiveness among Kenya's alternative energy firms. The study concluded that in order to increase market share, profitability, and customer happiness, Kenya's alternative energy companies' management should keep up with evolving trends, policies, and tactics to sustain client retention and become more flexible. Research conducted by Muga and Senelwa (2022) focused on the Rangwe sub-county hospital in Homa Bay county to determine if and how flexible work practices affected employee performance in the public health sector. All 258 hospital staff members served as the population for this study, which used a descriptive research strategy. A total of 165 people were chosen at random to take part in the research. The research concluded that allowing workers more leeway in their schedules was associated with higher levels of productivity.

The aforementioned research shows a direct link between organizational adaptability and improved performance across a variety of sectors. Further research is required to determine if the steel industries would see the same results. Saeed et al.'s (2022) study showed that when environmental uncertainty was high and innovation capability was low, the positive effect of organizational flexibility on project portfolio performance was much more pronounced. This is a fascinating discovery that calls for more study. Dynamic, contingency, and resource-based theories have all been used to ground the research, and all three consistently find a positive association between adaptability and success. However, investigating the theory's potential usefulness could provide surprising revelations and pave the way for a deeper comprehension of the phenomenon.

#### 2.3.4. Strategic Sensitivity and Organizational Performance

Diete-Spiff & Nwuche (2021) conducted research in Nigerian deposit money banks to determine if there was a connection between strategic sensitivity and organizational competitiveness. Researchers surveyed 221 upper-level bank officials from 18 different deposit money institutions in Rivers State. The resource-based view (RBV) and dynamic capacities served as the theoretical framework for this study's cross-sectional survey methodology. Strategic sensitivity was found to have a positive correlation with measures of competitiveness like as innovation, service quality, and on-time delivery in this study. However, other potential influences on an organization's competitiveness were not investigated in the study. These included technical innovation and regulatory factors. This could restrict how widely applicable the results are.

Adim and Maclayton (2021) used Dynamic Capabilities Theory to perform research on FMCG firms in Rivers State, Nigeria, with the goal of determining whether or not there is a correlation between strategic sensitivity and corporate responsiveness. The study employed a cross-sectional survey research approach, and the population consisted of nine regional manufacturers of fast-moving consumer goods. According to the study's findings, these businesses' strategic sensitivity increased as their corporate responsiveness increased. In particular, a positive correlation between corporate responsiveness and strategic foresight and strategic insight was discovered. According to the research, businesses should invest in developing their strategic foresight capabilities in order to keep up with the ever-changing nature of the business environment and to proactively scan for opportunities and threats, all while looking into ways to cut production costs relative to rivals.

Hamdan et al. (2021) used a descriptive-analytical methodology and a questionnaire to investigate the impact of strategic sensitivity on innovative actions taken by Palestinian nongovernmental organizations (NGOs) in the Gaza Strip. They surveyed a statistically significant sample size of 189 people and discovered a favorable relationship between strategic sensitivity and the capacity for innovation inside these businesses. The study also noted the significant impact of company culture in this connection. The authors, drawing on Dynamic Capabilities Theory, argued that Palestinian NGOs may benefit from a culture that encouraged innovation by rewarding and rewarding failure. Agbeche et al. (2021) used organizational learning theory to examine the inventive capacity and strategic awareness of software development firms in South-South Nigeria. For their quantitative study, they polled 93 local businesses. Stronger strategic sensitivity was found to be associated with greater innovative skills, suggesting that more innovative and competitive businesses had higher strategic sensitivity. The authors argued that by monitoring external factors, training employees, and collaborating with other businesses, enterprises might improve their innovative capacity.

## 2.4 Research Gap

Previous studies have discussed scanty literature on the relationship between strategic agility and organizational performance. For instance, Schein's (2010), Shahzad, Xiu, and Shahbaz (2017), Olu-Owolabi's (2015), Onyango and Ongori (2013) and Zhang, Li, and Li (2017) in an art to establish the relationship between organizational culture and performance have omitted key elements of organizational culture. Stuides by Kausar et al. (2018), Makori and Kinyua (2019), Thomas (2017), Chin and Huang (2018) among others on the relationship between organizational leadership and performance, have elicited mixed results making it difficult for conclusions. Finally, findings by Koçyit and Akkaya (2020), Broekaert, Andries, and Debackere (2016) and Martnez-Sánchez et al. (2014) among others did not directly deal with flexibility and performance and also used qualitative methods alone and elicited mixed results. Its aganst this backdrop that the current study sought to establish the effect of organizational agility on performance.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Introduction

This section outlines the approach used to investigate the relationship between strategic agility and the performance of steel companies in Kenya. It includes a description of the research design, the population under study, the method for selecting the sample size, the instrument used to collect data, the approach to analyzing and presenting the data, and the ethical considerations taken into account during the study.

## 3.2 Research Design

Research design, as defined by Blessing and Chakrabarti (2021), refers to a methodical and organized strategy employed in conducting a research study. It entails the careful selection of appropriate research methods, data collection techniques, and data analysis procedures with the aim of addressing specific research questions or testing hypotheses. In the case of this study, the research paradigm adopted is positivism, which focuses on investigating quantitative relationships between strategic agility and organizational performance rather than exploring qualitative aspects of the relationship. Consequently, a correlation research design is chosen to examine this relationship, as it allows for the investigation of connections between variables without researcher manipulation or control, as stated by Bhandari (2021). Although a descriptive research design could have been employed to understand the association between organizational performance and strategic agility in the Kenyan Steel Manufacturing context, the study's objective of identifying relationships between strategic agility and organizational performance deemed the correlational research design more appropriate.

### 3.3 Study Area

Located on the East Coast of Africa at a latitude of 0.0236° S and a longitude of 37.9062° E, Kenya is a country that straddles the equator and shares borders with Somalia, Ethiopia, Sudan, Uganda, and Tanzania. With a land area of 582,646 square kilometers and a population of 47.6 million as of the 2019 census, Kenya's economy is predominantly market-based, with only a limited number of state-owned enterprises. As per the International Monetary Fund (IMF) 2021 report, Kenya is ranked seventh among African nations and aspires to attain the status of a newly industrialized country by 2030. In pursuit of this objective, the steel industries holds a vital role, as it serves as the cornerstone for industrial development by providing essential materials for various sectors such as energy, automotive and transportation, construction, packaging, infrastructure, and machinery. According to the Kenya Association of Manufacturers (KAM) in 2018, there are 33 steel manufacturing companies operating in Kenya, directly employing approximately 12,000 individuals and indirectly supporting around 32,000 people.

### 3.4 Target Population

According to Ravikiran (2023), the term "population" refers to the complete collection of items or elements from which data is gathered for a particular study. This population can encompass various entities such as individuals, objects, or events. In the context of this study, the target population comprised of 132 top management personnel's of all the 33 officially registered steel manufacturing firms in Kenya, as reported by the Kenya Association of Manufacturers (KAM) in 2018.

### 3.5 Sampling Techniques

The study using Census sampling technique since it targeted only the top management in the 33 steel manufacturing industries. Therefore the sampling technique aided the study to arrive at a sample of 132 respondents.

### 3.6 Data Collection

Dudovskiy (2022) states that in order to solve a research problem, verify hypotheses, and assess results, it is necessary to methodically collect data from appropriate sources. When it comes to gathering in-depth empirical data, Kothari (2004) suggests questionnaires. The major data for this study was gathered through the use of questionnaires with predetermined questions and answers. The sample included four Heads of Departments (HODs) from Human Resource, Sales, Finance, and Operations departments in each of the 33 steel manufacturing companies. Since there are 132 potential respondents (top mana gers) in the study population, a census survey sampling design was utilized. The questionnaire used a 5-point Likert scale, which offered easy understanding and convenient response format. Secondary data was obtained from various sources like thesis, journals, newspapers, government reports, and the internet, focusing on information related to strategic agility and organizational performance.

#### 3.6.1 Data Types and Sources

The study used mainly primary data types to collect data from the field, which were the managers from the industries. A structured questionnaire was used to collect the data.

#### 3.6.2 Data Collection Procedures

Before data collection, the research formulated a letter of introduction and also sought one from the school of Business and Economics. Prior data collection was done through pre-visits to the sites and later questionnaires administered to the study respondents after seeking their consents. Finally, data was collected by drop and pick methods.

### 3.6.3 Data Collection Instruments

The study used structured questionnaires to collect the data from the 132 respondents across the 33 steel manufacturing industries

### 3.6.4 Reliability tests

The researcher ran a pilot study before collecting any actual data to ensure the validity and reliability of the instruments being used. According to Mugenda & Mugenda (2008), validity refers to the correctness of the data analysis in reflecting the phenomenon under study, while reliability refers to the consistency of results gained from repeated trials utilizing the research instrument. Connelly (2008) recommends choosing a sample size of 10% of the expected sample size for the main study to undertake a pilot study. In this scenario, 16 people from four different companies were selected to fill out questionnaires. The objective of the pilot study was to ensure that all respondents understood the questions in the same way, identification of any questions that caused discomfort or confusion among respondents, and determine the amount of time required to complete the questionnaire in practical terms. The individuals who participate in the pilot study were not included in the final research sample. The findings from the pilot study were used to refine the questionnaire to improve its appropriateness and effectiveness. Reliability of the study was ensured through Cronbach reliability coefficient. The overall instrument revealed a reliability coefficient of 0.823, which is above the threshold value of 0.7 thus implying that the questionnaire was reliable.

### 3.6.5 Validity Tests

According to Middleton (2019), validity is the degree to which a study's results measure the desired variables, guaranteeing that the results are accurate representations of the phenomenon under study. Both construct and content validity were used in the study. A test or assessment instrument's content validity refers to how well it evaluates the topic, concept, or behavior it is designed to assess. Experts were consulted during the questionnaire phase to verify that the measure includes adequate and representative sets of items that capture the necessary information, a process known as "content validity." Conversely, construct validity pertains to the degree to which a test accurately assesses the intended construct. To establish construct validity, an extensive literature review was conducted, and expert opinions sought. These inputs contributed to shaping the survey instruments (Wong & Yamat, 2020). Additionally, considerations such as clarity, readability, specificity, representativeness, and face validity were taken into account (Tahrdoost, 2016).

To further validate the research instrument, a pilot study was conducted, following the approach suggested by Wong & Yamat (2020). The initial paper-based questionnaire survey, presented in a five-point Likert scale format, was refined after this pilot study. The primary aim of this revision was to ensure accurate and comprehensive coverage of each construct. Feedback from respondents was actively sought regarding question clarity, questionnaire organization, logical flow, and length. This iterative process of feedback collection facilitated the enhancement of the data collection instrument. Based on respondents' feedback, redundant and unclear items were refined or eliminated, and new items were introduced where deemed necessary.

### 3.7 Ethical considerations

In our research project, ethical considerations were rigorously addressed to safeguard the rights and well-being of participants. Informed consent was obtained from all participants, clearly outlining the study's purpose, procedures, and any potential risks, with particular attention to privacy and confidentiality safeguards. The research design received approval from the institutional review board, ensuring compliance with ethical guidelines. Voluntary participation was emphasized, and participants were assured of their right to withdraw without consequences. Measures were implemented to minimize any potential physical, emotional, or psychological risks, and cultural sensitivity was considered, especially when dealing with diverse participant backgrounds. Data management adhered to best practices for security and integrity, and ongoing monitoring was conducted to ensure continued ethical standards. Throughout the study, transparency and honesty were prioritized in reporting findings, and a debriefing process was implemented, particularly in cases involving deception, to ensure participants were informed about the true nature of the study. These comprehensive ethical considerations underscore our commitment to conducting research with the utmost integrity and respect for the rights of those involved.

#### 3.7.1 Reliability Tests

Reliability, as defined by Middleton (2019), pertains to the degree to which research findings can be replicated when the study is repeated in a similar context. Moses & Yamat, in their 2021 publication, define reliability as "the degree to which test scores are free of measurement error." As the rate of random mistake rose, so did the likelihood of failure. The reliability of the proposed constructs was calculated using Cronbach's Alpha, with a cutoff of 0.7 to ensure reliability. Two weeks before the actual field study, a pilot version of the questionnaire was given to participants to ensure its validity. DeVellis (2017) notes that if the reliability coefficient for a research instrument is greater than 0.7, then it can be considered dependable.

**Table 3. 1 Reliability Test.**

| Variable | No. of Items | Cronbach's Alpha coefficient |
|---|---|---|
| Strategic Sensitivity | 9 | 0.863 |
| Flexibility | 11 | 0.781 |
| Leadership | 16 | 0.914 |
| Organisation Culture | 10 | 0.789 |
| Overall | | 0.812 |

From the results in Table 3.1, the four variables had alpha values of above 0.7. Strategic Sensitivity had an alpha value of 0.863, Flexibility was 0.781, and Leadership had an alpha value of 0.914 while Organization Culture had 0.789. The data was therefore concluded to be reliable given the Cronbach's Alpha of coefficient value is at least 0.7 as recommended by Cronbach's (1967). The data was therefore suitable for further analysis.

### 3.8 Data Analysis and Presentation

After collecting data, the next step was data cleaning, where incomplete, incorrect, duplicate, or otherwise flawed data was identified and corrected by changing, updating or removing the erroneous data all together. This process enhanced data quality by ensuring more precise, dependable, and consistent information. Subsequently, the data was subjected to analysis using descriptive statistics, which encompasses measures of central tendencies (such as mean, mode, and median), frequencies, and measures of dispersion (such as range, variance, and standard deviation). Additionally, inferential statistics are employed specifically regression analysis which determines the degree to which the dependent variable is predicted by the independent variables, facilitating hypothesis testing. Provided below is a multiple linear regression model that was utilized to represent the relationship between the variables.

$$Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \text{..................................................Equation 1}$$

Where:

Y = Dependent Variable (Organizational Performance)

$\beta_0$ = the y-intercept (the value of Y when all the other parameters are set at 0)

$\beta_1$, $\beta_2$, $\beta_3$ and $\beta_4$ = are regression coefficients (i.e., the change in the dependent variable as a result of a change in the independent variable)

$X_1$ = Organizational Culture

$X_2$ = Leadership

$X_3$ = Flexibility

$X_4$ = Strategic sensitivity

$\varepsilon$ = error term due to the regression

***Source: Adopted from Bevans (2020)***

# CHAPTER FOUR

# FINDINGS AND DISCUSSION

## 4.1 Introduction

In this chapter, the analysis and discussion of the data collected are presented, focusing on the study objectives. The primary aim of this study was to assess the impact of strategic agility on the performance of steel industries in Kenya. The ensuing sections will give the debate and analysis.

## 4.2 Response Rate

The researcher distributed 132 questionnaires across 33 steel companies in Kenya. The table below shows the response of the study.

**Table 4. 1 Response Rate**

| Sample size | Response | Response rate | Non- responsive | Non-responsive rate |
|---|---|---|---|---|
| 132 | 126 | 95.5% | 6 | 4.5% |

Out of the distributed questionnaire, 132 only 126 were fully filled and returned. This equates to (95.5%) response rate. The ones not returned were six translating to (4.5%). This was a high response rate and therefore the data was adequate for analysis and enough for further analysis.

## 4.3 Demographic Characteristics

Participants were requested to furnish demographic details pertaining to their Gender, Age, Highest educational attainment, and Years of experience in the steel sector. The data underwent analysis and was subsequently displayed in Table 4.2, as shown below.

**Table 4. 2 Demographic Characteristics**

| Demographics | Categories | Frequency | Percent |
|---|---|---|---|
| Gender | Female | 29 | 23.01 |
| | Male | 97 | 76.98 |
| | Total | 126 | 100 |
| Age | Categories | Frequency | Percent |
| | 31 - 40 Years | 81 | 64.29 |
| | 41 - 50 Years | 14 | 11.11 |
| | Below 30 Years Old | 31 | 24.6 |
| | Total | 126 | 100 |
| Experience | Categories | Frequency | Percent |
| | 11 to 15 Years | 13 | 10.32 |
| | 6 to 10 Years | 52 | 41.28 |
| | Less than 5 Years | 61 | 48.41 |
| | Total | 126 | 100 |
| Highest Level of Education | Categories | Frequency | Percent |
| | Bachelors' | 101 | 80.16 |
| | Masters' | 25 | 19.84 |
| | Total | 126 | 100 |

From the demographic characteristics table, it can be inferred that 29(23.01%) of the respondents were female while remaining 76.98 were male. On the age distribution it is indicated that 81(64.3%) of the respondents were between the age of 31 to 40 years of age, and 31(24.6%) were below 30 years. The remaining respondents 14(11.1%) who participated in the study were between 41 -50. On the years of experience, the respondents had worked in the steel industries, (10.3%) had an experience of 11 up to 15 years, (41.8%) had an experience of 6 to 10 years and the remaining (48.41%) had an experience of less than 5 years. A significant number of the respondents were bachelor's degree holder equivalent to (80.16%) while the remaining 19.84 were master's degree holder. This therefore implies that respondents selected were all capable of logical thinking to give accurate and viable data. Age and gender demographic distribution of the respondents is equally important to the study since it tells the composition of leadership in these organizations. Since there is normally distributed leadership, where there is inclusivity of female leaders and young leaders in terms of age, the findings represent a diversity of organizations without bias.

### 4.4 Measures of Strategic Agility

The main objective of the study wanted to establish the effect of strategic agility on performance of Kenyan Steel Manufacturing Firms. A set of constructs were measured to establish the level of strategic agility in the organizations. These included organizational culture, leadership, flexibility and strategic sensitivity. The participants in this study were asked to score these statements using a five-point Likert scale, ranging from "1" representing "Strongly disagree" to "5" representing "Strongly agree". The responses were subjected to analysis and afterwards presented through the utilization of frequency tables, as depicted in Table 4.3.

**Table 4. 3 Organizational Culture**

| **Statements** | M | STD |
|---|---|---|
| Overall mean and standard deviation for Organizational Culture | 2.1 | 1.2 |
| Overall Mean and Standard Deviation for leadership | 2.4 | 1.1 |
| Overall Mean and Standard Deviation Flexibility | 2.7 | 1.1 |
| Overall Mean and Standard Deviation for Strategic Sensitivity | 2.5 | 1.1 |

From Table 4.3 it can be clearly seen that the overall mean and standard deviation (M=2.1, STD=1.2) was low thus implying that organizational culture of the steel industries was not properly maintained and managed. The overall mean and standard deviation (M=2.4, STD= 1.1) for leadership implies the industries lack a good leadership to influence the performance of the steel industries. Flexibility which is the organizations' ability to move resources, people, ideas, restructures from one place to another as needed so to achieve a diversified portfolio was measured using eleven statements. Results from the Table 4.3, shows that the overall mean and standard deviation was moderate implying that flexibility in organizations was practiced to a moderate level. Strategic sensitivity was assessed through nine elements, with respondents providing ratings on a five-point Likert scale ranging from 1 (Strongly disagree) to 5 (Strongly agree). The outcomes of this assessment are displayed in Table 4.3. From the findings, it is shown that the overall mean and standard deviation (M=2.5, STD= 1) was low indicating that the organization's ability to seize opportunity quickly was low.

### 4.8 Summary effect of strategic agility on Performance of Kenyan Steel industries.

The general objective is to determine the effects of strategic agility on performance of steel industries in Kenya. Mean performance was regressed against strategic agility elements. The results are shown in the Table 4.4.

**Table 4. 4 Summary Effect of Strategic Agility on Performance of Kenyan Steel Industries**

**Model Summary**

| | | | | | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | R Square Change | F Change | df1 | df2 | Sig. F Change |
| 1 | .733[a] | .538 | .522 | .34493 | .538 | 35.182 | 4 | 121 | .000 |

**Coefficients**

| | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| Model | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 1.294 | .113 | | 11.436 | .000 |
| | Organisational Culture | .393 | .053 | .558 | 7.472 | .000 |
| | Leadership | .001 | .046 | .002 | .017 | .986 |
| | Flexibility | -.052 | .052 | -.087 | -1.008 | .315 |
| | Strategic sensitivity | .168 | .063 | .322 | 2.684 | .008 |

a. Dependent Variable: Performance

b. Predictors: (Constant) Organisational Culture, Leadership, Flexibility, Strategic sensitivity

Strategic agility accounted for 53.8% proportion of variance in performance. It is evident from the results that all model coefficients were significant except Leadership (Sig=.986, p>0.05) and Flexibility (Sig=.315, p>.05). The findings also shows that the B statistics, Organisation culture (B = .393, p <.05) had positive significant effect on performance. Leadership (B = .001, p >.05) minimal effect on performance which also was not significant .Flexibility (B= -.052, p >.05) had a negative effect on performance and was not significant, (Sig=.315, p>.05). Strategic Sensitivity

(B = .168, p <.05) had positive significant effect on performance. The B statistics of Organisation culture shows that unit change in the level of organisation culture practices causes a 0.393 units increment in performance level. A unit change in Leadership, Flexibility and Strategic sensitivity causes .001, -.052 and .168 units increase in organizational performance levels steel industries in Kenya. This suggests that the selected determinants have an effect on the performance steel industries in Kenya, supported by the evidence in the Table 4.15. In addition, Organisation culture, strategic sensitivity were found to be positive, indicating that they had a positive significant effect on performance. Flexibility was found to be negative, thus negative effect on performance.

### 4.8.1 Effect of Organizational Culture on Organizational Performance

The first objective of the study sought to establish the effect of organizational culture on performance of Kenyan Steel Manufacturing Firms. Its corresponding hypothesis was 'Firm organizational culture has no significant effect on the performance of steel manufacturing industries in Kenya.' From the multiple regression model, it can be inferred that organisation culture (B=.393, p<.05) had a positive significant effect on performance. One unit change in the level of organisation culture practices causes a 0.393 units increment in performance level of the organization. Following this results, the null hypothesis was rejected and an alternative hypothesis adopted which states that organizational culture has a positive and significant effect on organizational performance. These findings agrees with the results by Olu-Owolabi's (2015) research into SMEs in Nigeria to establish the connection between company culture and results. The findings also resonates with Onyango and Ongori (2013) findings which established Organizational culture was found to have a positive relationship with employee commitment and to be a more accurate predictor of employee commitment than demographic characteristics. Following these and other almost similar findings, it can be concluded that organizational culture has a positive and significant effect on organizational performance. This means that steel manufacturing companies have maintained a positive organizational culture which fosters performance in the organizations.

### 4.8.2 Effect of Leadership on Organizational Performance

The influence of leadership on performance of Kenyan Steel Manufacturing Firms was determined using the multiple regression analysis. The findings revealed a weak negative effect of leadership on the performance of steel manufacturing industries in Kenya was the second hypothesis of the study. Leadership ($B = .001$, $p > .05$) minimal effect on performance but was not significant. These findings indicate that a unit change in leadership causes a .001 improvement in performance. This improvement is very small and almost negligible based on the scale used. However, it cannot qualify disregarding the role played by leadership among organizations. Perhaps, there is weak leadership among steel manufacturing firms in Kenya, which results in the weak effect. Although there is lack of sufficient evidence to reject the null hypothesis, the weak effect cannot be overlooked. Organizational leadership has a great role in decision making which ultimately affects both customers and employees satisfaction. The findings slightly agrees with Kausar et al. (2018) findings which Organizational performance may also improve if transformational leadership methods are encouraged and promoted, however, the steel manufacturing industries in kenya could be lacking transformative leadership. The findings also aligns well with Makori and Kinyua (2019) findings that effective management was a major contributor to the bank's success, although the study was carried out among banks which have different characteristics as compared to manufacturing sector. However, based on the previous findings as well as the current study findings, there is enough evidence to conclude that a good organizational leadership will have a positive and significant effect on organizational performance in terms of customers and employee satisfaction.

### 4.8.3 Effect of Flexibility on Organizational Performance

The study's third objective aimed to examine how flexibility impacts the performance of Kenyan Steel Manufacturing Industries. The corresponding hypothesis stated that "Firm flexibility has no significant effect on the performance of steel manufacturing industries in Kenya." Indeed following the results from the multiple regression model, it was established that firm Flexibility ($B = -.052$, $p < .05$) had a negative effect on performance and this effect was not significant. Preliminary findings revealed that firms were not flexible enough and hence could lack behind in the event of urgent changes. This could be the reason for the negative effect on organizational performance. Therefore the study upholds the null hypothesis on the basis of steel manufacturing firms, which means that the operations are conservative and hence little flexibility. A more flexible operation could positively impact on the performance of the firms as noted by Broekaert, Andries, and Debackere (2016), whoc found it significant to innovation. The findings are also slightly different from Martnez-Sánchez et al. (2014) who found that flexibility had a positive and significant effect on a firms' performance. However, this situation could be different from the manufacturing firm. It can thus be concluded that whereas flexibility is significant to performance, it is not adequately practical in manufacturing firms and hence makes a less significant effect.

### 4.8.4 Effect of Strategic Sensitivity on Organizational Performance

The final objective of the study was to examine the effect of strategic sensitivity on performance of Kenyan Steel Manufacturing Firms. The hypothesis put forward for the final objective of the study stated that: "Firm strategic sensitivity has no significant effect on the performance of steel manufacturing industries in Kenya". From the model results, Strategic Sensitivity ($B = .168$, p

<.05) had positive significant effect on performance. This means that a unit change in strategic sensitivity causes .168 units change in performance. The null hypothesis therefore was rejected. This means that improving strategic sensitivity among steel manufacturing firms enhances performance by a significant 0.168 units, which means that these firms although less flexible, they are sensitive to the changing environment. These findings are in line with the findings from previous studies such as those of Diete-Spiff & Nwuche (2021) who established that Strategic sensitivity has a positive correlation with measures of competitiveness like as innovation, service quality, and on-time delivery in this study, although did not clearly articulate performance as in the current study. The findings also agrees with the previous findings such as Hamdan et al. (2021) who established that there was a positive relationship between strategic sensitivity and organizational performance. From these findings, it can thus be concluded that strategic sensitivity has a positive and significant effect on organizational performance among steel manufacturing firms in Kenya.

#### 4.8.5 Summary of the Model Equations

The findings can also be presented using the model equation as shown in equation 4.1.

$$\mathbf{Y=1.294+0.393X_{Organisation\ culture}+0.001X_{Leadeship}-0.052X_{Flexibility}+0.168X_{Strategic\ Sensitivity}.} \quad \textbf{Eqn 4.1}$$

The unstandardized coefficients of the model provide insights into the influence of specific factors on the performance of steel industries in Kenya. Hence, it can be inferred that each variable examined in this research exerts a significant impact on the overall performance of the organization.

The relationship between organizational culture and organizational performance can be depicted by a simple linear regression model. In a study conducted by Schein (2010), the relationship between organizational culture and leadership was investigated, uncovering a significant and favorable impact of leaders on the formation and maintenance of organizational culture. Consequently, this had a significant influence on the overall efficacy of the organization. The discovery in question is in direct accordance with the findings of the current investigation. Additionally, the study conducted by Olu-Owolabi (2015) regarding the correlation between organizational culture and performance in small and medium scale firms (SMEs) in Nigeria aligns with the findings of the present investigation. Similarly, the research carried out by Onyango and Ongori (2013) demonstrated a favorable association between organizational culture and employee commitment, aligning with the outcomes of the current study.

The outcomes of this study are in line with many prior research endeavors. Prominent among these are scholarly investigations, shown by the study undertaken by Kausar et al. (2018), which provided evidence of the positive influence of transformational leadership on employee commitment, satisfaction, and job performance. In a study conducted by Makori, B. N. and Kinyua (2019), it was found that there exists a notable and favorable correlation between organizational leadership and the performance of a bank. The study conducted by Thomas (2017) explored the correlation between transformational leadership and performance outcomes. The findings of this study revealed a positive relationship between transformational leadership and many aspects such as job satisfaction, organizational commitment, and job performance. Furthermore, the investigation conducted by Chin and Huang (2018) pertaining to the correlation between transformational leadership and financial performance within small and medium-sized enterprises (SMEs) in Taiwan, is congruent with the outcomes of the present study.

In a similar way, Diete-Spiff and Nwuche's study from 2021 looked at the relationship between strategic sensitivity and organizational competitiveness in Nigerian deposit money banks. They found a strong positive correlation between strategic sensitivity and things like innovativeness, service quality, and delivery reliability. Furthermore, the findings of a study conducted by Adim and Maclayton (2021) provide additional support for the aforementioned results, demonstrating a substantial and favorable association between strategic sensitivity and corporate responsiveness across diverse organizations. The study conducted by the researchers notably emphasized the existence of a favorable association between strategic foresight, strategic insight, and company responsiveness. The results of this investigation are consistent with the findings presented. Furthermore, the study conducted by Agbeche et al. (2021) focused on examining the correlation between strategic sensitivity and inventive capability in software development firms located in the South-South region of Nigeria. The study conducted by the researchers revealed a significant correlation between strategic sensitivity and inventive skills. This finding implies that organizations with a greater emphasis on strategic sensitivity are more likely to demonstrate elevated levels of innovation and competitiveness.

### 4.9 Performance

Performance was measured using both customer and employee satisfaction. Both were measured using elements all rated a five-point Likert scale. Respondents were requested to indicate the degree of agreement with statements related to customer and employee satisfaction. The collected responses were subsequently analyzed and presented as shown in Table 4.5.

**Table 4. 5 Performance of Steel Industries in Kenya**

| Statement | M | STD |
|---|---|---|
| Overall Mean and Standard Deviation of Customer Satisfaction | 2.32 | 0.93 |
| Overall Mean and Standard Deviation of Employee Satisfaction | 2.78 | 0.86 |

From the findings, mean and standard deviation values of 2.2 and 0.8, respectively, suggest that consumer satisfaction has not been entirely attained. Employee satisfaction was also measured using 20 elements all rated a five-point Likert scale where respondents were requested to indicate the degree of agreement with statements related to customer satisfaction. The overall means shows less satisfied employees, with agreement as indicated by the standard deviation. These findings are almost similar to the previous studies such as Schein's (2010), Shahzad, Xiu, and Shahbaz (2017), Olu-Owolabi's (2015), Onyango and Ongori (2013) and Zhang, Li, and Li (2017) who sought to establish the relationship between organizational culture and performance and came up with almost similar performance measures. Stuides by Kausar et al. (2018), Makori and Kinyua (2019), Thomas (2017), Chin and Huang (2018) also brought out almost similar performance measures and noted that there is weak performance among organizations.

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Introduction

This chapter provides a concise overview of the findings discussed in the preceding chapter. The findings of the study have led to the formulation of many conclusions and the proposal of corresponding recommendations. Additionally, some avenues for additional investigation are proposed.

## 5.2 Summary Findings

The general objective is to determine the effects of strategic agility on performance of steel industries in Kenya.

The primary aim of this study was to examine the impact of organizational culture on the performance of Steel Manufacturing Firms in Kenya. The hypothesis that was formulated to correlate with this study is as follows: "The organizational culture of firms in the steel manufacturing industries in Kenya does not have a statistically significant impact on their performance." The results of the study indicate that a substantial amount of the variation in organizational performance can be attributed to the influence of organizational culture. The impact of organizational culture on organizational performance was shown to be beneficial. The null hypothesis was rejected based on the findings.

The second purpose of this study sought to examine the influence of leadership on the operational effectiveness of steel manufacturing companies in Kenya. The hypothesis under consideration suggests that there is no statistically significant relationship between firm leadership and the performance of steel manufacturing industries in Kenya. The results of the study indicated that the leadership variable had a negligible impact on the organizational performance of steel companies, and this impact was not statistically significant. Consequently, the study did not find sufficient evidence to reject the null hypothesis.

The third objective examined whether the flexibility of firms has a notable impact on the performance of steel manufacturing industries in Kenya. The study's third goal aimed to explore how flexibility influences the performance of steel manufacturing companies in Kenya. The variable under scrutiny, flexibility, demonstrated a negative influence on the overall performance of steel firms which was also not significant. As a result, the initial assumption was not rejected in favor of the alternative hypothesis.

The primary aim of this study was to investigate the impact of strategic sensitivity on the performance of Steel Manufacturing Firms in Kenya. The premise of this study posits that there is no substantial impact of firm strategic sensitivity on the performance of steel manufacturing sectors in Kenya. The research conducted revealed that there is a statistically significant positive relationship between strategic sensitivity and performance. The findings of the research indicate that there is a positive relationship between the independent variable of strategic sensitivity and organizational performance. Therefore, the null hypothesis was rejected.

In summary, the study's findings provide evidence that organizational culture and strategic sensitivity all have significant positive effects on the performance of Kenyan Steel Manufacturing Firms. The null hypotheses for each of these factors were rejected, implying that these factors do play a role in influencing organizational performance within the context of the steel manufacturing industries in Kenya. The study findings also found that Leadership and flexibility had no significant effect on performance and the study failed to reject the null hypothesis.

### 5.3 Conclusions

The research findings indicate that there exists a notable correlation between the organizational culture of Kenyan Steel Manufacturing Firms and their performance outcomes. The impact of organizational culture on organizational performance was shown to be beneficial. Due to significant correlation between organizational culture and performance, it can be concluded that when the culture of an organization is good, performance automatically improves

The research findings indicate that there is no statistically significant relationship between leadership and the performance of steel manufacturing businesses in Kenya. This could be attributed to the poor leadership among the steel manufacturing firms. This means that the poor leadership does not align well with organizational performance hence the poor linkage. However, given a wealth of overwhelming evidence from the reviewed literature, it can be concluded that a good leadership will have a positive and significant effect on performance.

Whereas the study established that flexibility, as engulfed in the standard regression model did not have a significant effect on performance, it does not mean that the effect can totally be ignored. This could be due to the lack of strong practice of flexibility among the steel manufacturing industries. It can thus be concluded that flexibility has an effect on performance of organizations, although weak and non-significant for the steel manufacturing industries due to lack of flexibility among these industries.

The research findings indicate that there is a noteworthy positive correlation between strategic sensitivity and the performance of Steel Manufacturing Firms in Kenya. Strategic sensitivity is therefore important to the organizations since they respond to the growing customer demands as well as the changing environment hence resulting to a positive performance.

### 5.4 Recommendations

The study's findings underscore the importance of organizational culture in shaping the performance of steel manufacturing enterprises in Kenya. In order to optimize organizational performance, the study so proposes that;

Steel manufacturing firms should invest in cultivating a strong and positive organizational culture that aligns with the company's mission and values. Fostering a culture of teamwork, open communication, and mutual respect can contribute to improved employee morale and overall performance. Leaders should actively champion and embody the desired organizational culture. Through their actions and communication, leaders can shape the culture and create a shared sense of purpose among employees.

The study underscores the crucial role of leadership in driving the performance of steel manufacturing firms. To leverage leadership's impact on performance, the following recommendations are proposed: Steel manufacturing firms should invest in continuous leadership development programs. These programs should focus on enhancing leadership skills such as strategic thinking, decision-making, and effective communication. Leaders should empower employees by delegating responsibilities and fostering an inclusive environment. Empowered employees are more likely to contribute innovative ideas and take ownership of their work, positively affecting overall performance.

Flexibility emerged as a significant factor influencing the performance of Kenyan steel manufacturing firms. To harness the benefits of flexibility, firms are encouraged to consider the following recommendations: Firms should adopt adaptive business strategies that allow them to respond swiftly to changing market conditions and customer demands. Regularly reassessing product offerings and operational processes can lead to enhanced customer satisfaction and competitive advantage. Promote cross-functional collaboration within the organization. Encouraging teams from different departments to work together can foster innovative solutions and streamline processes, contributing to improved flexibility.

Strategic sensitivity was found to significantly impact the performance of steel manufacturing firms. To enhance strategic sensitivity and its influence on performance, the following recommendations are suggested: Firms should invest in gathering and analyzing market intelligence. This includes staying updated on industries trends, competitor actions, and customer preferences. Market insights can inform strategic decisions and help firms proactively adapt to changing circumstances. Implement scenario planning exercises to anticipate potential changes in the business environment. By preparing for various scenarios, firms can develop proactive strategies that position them for success, even in uncertain times.

The recommendations provided above are tailored to the specific findings of this study and aim to guide Kenyan steel manufacturing firms toward optimizing their organizational performance through strategic agility. By focusing on organizational culture, leadership, flexibility, and strategic sensitivity, these firms can navigate challenges, seize opportunities, and achieve sustained growth in a dynamic business landscape.

### 5.5 Limitations of the Study

The study's findings are limited by the characteristics of the sample population that participated in the study. If the sample was not representative of the entire population of Kenyan steel manufacturing firms, the generalizability of the results could be restricted.

Participants' responses on the questionnaire may be influenced by social desirability bias or their desire to present their organization in a favorable light. This bias could lead to overestimation of positive relationships between variables.

The study relied on self-reported data provided by respondents. This could lead to measurement errors due to inaccuracies in recall or subjective interpretation of questions.

The study's cross-sectional design only captures data at a single point in time. This limits the ability to establish causality between variables and understand how they evolve over time.

The use of a single data collection method (questionnaire) for both independent and dependent variables might introduce common method variance, potentially inflating relationships between variables.

The study focused on organizational culture, leadership, flexibility, and strategic sensitivity. Other variables that could influence organizational performance may not have been considered, potentially omitting relevant factors.

The reliability of the questionnaire may be influenced by the quality of the survey instrument and the clarity of the questions. If the instrument was not well-validated or reliable, it could affect the accuracy of the findings.

Questionnaires may not capture the nuanced contextual factors that could influence the relationships being studied. Qualitative methods could provide deeper insights into the intricacies of strategic agility and organizational performance.

Without access to data on firms that did not exhibit strategic agility, it's challenging to compare the performance outcomes between firms with different levels of agility.

**5.6 Suggestions for Further studies.**

Extend the research by comparing the effect of strategic agility on organizational performance across different industries in Kenya. This could help identify whether the findings are specific to steel manufacturing or are applicable to a broader range of sectors.

Conduct a longitudinal study over an extended period to observe the long-term effects of strategic agility on organizational performance. This would provide insights into how firms' strategic agility strategies evolve and impact their performance trajectory over time.

Investigate employees' perceptions of the organizational culture, leadership, flexibility, and strategic sensitivity within the steel manufacturing firms. Understanding how employees perceive these factors and their impact on performance could offer valuable insights for organizational improvement.

Extend the research beyond the Kenyan context and conduct a comparative study with steel manufacturing firms in other countries. This could reveal cross-cultural variations in the relationship between strategic agility and organizational performance.

Explore potential mediating and moderating factors that might influence the relationship between strategic agility and organizational performance. Factors such as industries maturity, company size, and technological innovation could play a role in shaping this relationship.

Utilize qualitative research methods, such as interviews or focus groups, to gain a deeper understanding of how strategic agility practices are implemented within steel manufacturing firms. This could provide insights into the challenges, success stories, and best practices.

Investigate the impact of digital transformation initiatives on the strategic agility and performance of steel manufacturing firms. This could encompass the adoption of technologies like Industries 4.0 and how they affect agility and performance outcomes.

Examine how supply chain integration strategies contribute to the strategic agility of steel manufacturing firms. Investigate how seamless collaboration with suppliers and partners can enhance overall performance.

Study the relationship between employee engagement and the performance of steel manufacturing firms. Investigate whether engaged employees contribute to improved strategic agility and organizational outcomes.

Explore the connection between sustainability initiatives and organizational performance within the steel manufacturing sector. Investigate whether sustainable practices contribute to strategic agility and long-term success.

Apply the dynamic capabilities framework to assess how steel manufacturing firms develop, integrate, and reconfigure their resources to enhance strategic agility and performance.

Investigate how the strategic agility of steel manufacturing firms influences their ability to navigate crises and maintain resilience. This could include studying how firms respond to economic downturns, supply chain disruptions, and other challenges.

These suggestions offer a range of potential avenues for further research, each addressing specific aspects that were touched upon in your study. They can contribute to a deeper understanding of the relationship between strategic agility and organizational performance, while also addressing specific contexts and factors that were not covered extensively in your current research.

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## APPENDICES

### Appendix I: Questionnaire

**Demographic information**

Name of the institution (optional).....................................................................................

Your Role ………………………………………………………………………………

1. What is your gender?

   Male [ ]                         Female [ ]

2. What is your highest level of education?

   Doctorate [ ]    Masters' [ ]    Bachelor's [ ]    Diploma [ ] Certificate [ ]   High School [ ]

3. How long have you been in the steel industries?

   Less than 5 years [ ]   5 to 10 years [ ]  10 to 15 years [ ]      Over 15 years [ ]

4. Please tick your age bracket?

   Below30s  [ ]   31-40 [ ]   41-50 [ ]   51-59  [ ]  Over 60years [ ]

**SECTION B:**

**ORGANIZATIONAL CULTURE**

Organizational culture encompasses the values, beliefs, and behaviors that shape and influence the actions of all individuals within a team or company. Based on this understanding, please use the point scale below to indicate your level of agreement by ticking each one of the given statements:(1). Strongly disagree (2) Disagree (3) Neutral (4) Agree (5)

| | **Statement** | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1. | The organization is dedicated to diversity and inclusiveness | | | | | |
| 2. | I understand how my work impacts the organization's business goals | | | | | |
| 3. | The organization has a safe working environment for all employees | | | | | |
| 4. | There is a culture of teamwork and cooperation within the organization | | | | | |
| 5. | I am free to voice my opinions and ideas | | | | | |
| 6. | I would recommend our organization to my family and friends | | | | | |
| 7. | The perspectives of all people are respected and valued | | | | | |
| 8. | I feel a sense of belonging at work | | | | | |
| 9. | I feel recognized and appreciated for my contributions | | | | | |
| 10. | My work schedule is flexible enough to meet my family and personal responsibilities | | | | | |

**LEADERSHIP:**

A leader motivates and inspires their teams to maintain long-term progress and excitement toward achieving their goals. Please use the point scale below to indicate your level of agreement by ticking each one of the given statements as they apply to your organization's leadership:

(1) Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree.

| | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1. | The leadership provides clear goals | | | | | |
| 2. | Consistently effective decisions are made by the leadership | | | | | |
| 3. | Moral and ethical consequences of decisions are considered | | | | | |
| 4. | A collective sense of mission is emphasized by the leadership | | | | | |
| 5. | Top leadership communicates clearly | | | | | |
| 6. | Top leadership is optimistic of the future | | | | | |
| 7. | Am allowed the freedom to do my job as I feel best | | | | | |
| 8. | My manager gives me opportunities to develop and grow | | | | | |
| 9. | Useful feedback is offered regularly | | | | | |
| 10. | Decisions are transparent and explained | | | | | |
| 11. | I am informed about company news and developments | | | | | |
| 12. | I am confident providing feedback to my manager | | | | | |
| 13. | Differing perspectives are sought when solving problems | | | | | |
| 15. | Employees are treated as individuals rather than just members of the organization | | | | | |
| 16. | Managers helps others to develop their strengths | | | | | |

**FLEXIBILITY:**

Flexibility is the organizations' ability to move resources, people, ideas, restructures from one Place to another as needed so to achieve a diversified portfolio. Based on this understanding, please use the point scale below to indicate your level of agreement by ticking each one of the given statements: (1). Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree.

| | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1. | Our structure allows mobilizing and redeploying of resources rapidly and correctly | | | | | |
| 2. | Our structure allows mobility of team and knowledge across departments | | | | | |
| 3. | Our structure provides adequate infrastructure to cater for all activities | | | | | |
| 4. | Our organization have opportunity of internal employees to fill roles | | | | | |
| 5. | Our current managers resist internal moves | | | | | |
| 6. | We have the data and analytics capability to develop timely customer, competitor, and operational insights | | | | | |
| 7. | We able to capture and measure the value we create from our transformation initiatives | | | | | |
| 8. | We are able to identify which transformation triggers are creating opportunities for us. | | | | | |
| 9. | We create an adaptive space by providing necessary recourses in terms of free time and budgets. | | | | | |
| 10. | Leaders are able to nurture and harness the organization's creative potential by fostering team heterogeneity and diversity. | | | | | |
| 11. | We champion and implement change to encourage leveraging and scaling new ideas. | | | | | |

**STRATGIC SENSITIVITY**

This is the organization's ability to consistently identify and seize opportunity quickly. Based on this understanding, please use the point scale below to indicate your level of agreement by ticking each one of the given statements: (1) Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree.

| | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1. | The organization identifies disruptions, discontinuity and anticipate defining moments. | | | | | |
| 2. | Plausible future scenarios are developed by the organization. | | | | | |
| 3. | The organization able to recognize opportunities that arise quickly | | | | | |
| 4. | The organization able to recognize challenges that arise quickly | | | | | |
| 5. | Customer requirements are suggestions are gathered by the organization. | | | | | |
| 6. | The organization gather information about competitors and new market players. | | | | | |
| 7. | Information about substitute products and suppliers are gathered by the organization. | | | | | |
| 8. | The organization access its weaknesses | | | | | |
| 9. | The organization access its strengths | | | | | |

## SECTION C

## OPERATIONAL EFFECTIVENESS

This refers to an organization's capacity to achieve its goal with minimal use of resources. It encompasses the execution of tasks with minimal mistakes, rework and waste all while maximizing quality, profits and customer satisfaction. Based on this understanding, please use the point scale below to indicate your level of agreement by ticking each one of the given statements: (1) Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree.

| | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1. | There is a clear understanding on what work is to be performed | | | | | |
| 2. | Work involves convoluted processes | | | | | |
| 3. | There are conspicuous rules that complicate work | | | | | |
| 4. | The employees have a clear idea on what their responsibilities are | | | | | |
| 5. | Each person relates his job to the overall scheme of things | | | | | |
| 6. | There is mutual respect and support of colleagues' work | | | | | |
| 7. | The right information is delivered to the appropriate individuals in a timely manner | | | | | |
| 8. | Information is shared well between individuals and departments | | | | | |
| 9. | Information is clear, complete and relevant to the receiver | | | | | |
| 10. | Employees have the right skills and expertise to do the work | | | | | |
| 11. | There is adequate support when required | | | | | |
| 12. | Tools and techniques are archaic and problematic | | | | | |
| 13. | Tools and technique enhance the quality of results | | | | | |
| 14. | Tools and techniques simplify and expedite the work | | | | | |
| 15. | The processes are repeatable to deliver consistent results | | | | | |
| 16. | Departments and business units work succinctly with minimal duplication | | | | | |
| 17. | There is a solid integration of process and technology to optimize the use of resources | | | | | |
| 18. | There is adequate number of people assigned to complete the work in time | | | | | |
| 19. | Work can be done within the allocated budget | | | | | |

**EMPLOYEE SATISFACTION**

This relates to how content an individual is with their job and the role it plays in their life. Based on this understanding, please use the point scale below to indicate your level of agreement by ticking each one of the given statements: (1) Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly agree.

| | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1. | I always strive to find better ways of doing things | | | | | |
| 2. | When I do something successfully, it feels like a personal achievement | | | | | |
| 3. | I have all the resources I need to do my work successfully | | | | | |
| 4. | My goals are clearly defined | | | | | |
| 5. | My supervisors do a great job informing us about things that affect our work | | | | | |
| 6. | At my job, I am able to use my skills and abilities | | | | | |
| 7. | Management always demonstrates a commitment to quality | | | | | |
| 8. | Management always encourages others to a commitment to quality | | | | | |
| 9. | I am involved in decision making that affects my work | | | | | |
| 10. | I would like to be involved in decision making that affects my work | | | | | |
| 11. | I have opportunities to express myself | | | | | |
| 12. | I have opportunities to recommend new ideas and solutions | | | | | |
| 13. | I have a clear understanding about my career path and promotion plan | | | | | |
| 14. | I am happy with my career path and promotion plan | | | | | |
| 15. | I feel like my work is always recognized | | | | | |
| 16. | I feel like I get rewarded for good work | | | | | |
| 17. | Considering everything, I am satisfied with my job | | | | | |
| 18. | I am satisfied with the opportunity I have to grow within the company | | | | | |
| 19. | I would recommend this organization to my family and friends | | | | | |
| 20. | I feel like my work is valued | | | | | |

## CUSTOMER SATISFACTION

Customer satisfaction (CSAT) is a measure of how well a company's products, services, and overall customer experience meet customer expectations. Kindly indicate the extent to which you agree to the following statements concerning customer satisfaction. Where (1) Strongly disagree

(2) Disagree (3) Neutral (4) Agree (5) Strongly agree. Tick and write appropriately in the spaces provided.

| | **Statement** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1. | We get regular complaints from our customers | | | | | |
| 2. | We regularly get compliments from our customers | | | | | |
| 3. | We effectively fulfill the requirements of our customers | | | | | |
| 4. | Customers enquires are responded to in a timely manner | | | | | |
| 5. | Our customers have been increasing over time | | | | | |
| 6. | We have other products and services that we offer that our existing clients may want to buy. | | | | | |
| 7. | There is increased brand loyalty | | | | | |
| 8. | There is referral of our products by the customers | | | | | |
| 9. | We deliver quality and on time | | | | | |
| 10. | We get feedback from our customers | | | | | |

**THANK YOU FOR PARTICIPATING IN THE STUDY**

## Appendix II: List of Steel Manufacturing Firms in Kenya

1. Accurate Steel Mills Ltd
2. Alloy Steel Castings Ltd
3. Apex Steel Limited
4. ASL Limited
5. ASP Company Limited
6. Athi River Steel Plant Limited
7. Atlantic Limited
8. Blue Nile Wire Products Limited
9. Brollo Kenya Limited
10. Corrugated Sheets Limited
11. Devki Steel Mills Limited
12. Doshi and Company Hardware
13. East African Foundry Works (K) Limited
14. Eco-Steel Africa
15. Insteel Limited
16. Kaluworks Ltd
17. Kens Metal Industries Limited
18. Kenya General Industries Limited
19. Kenya United Steel Limited
20. Mabati Rolling Mills Limited
21. Nails & Steel Products Limited
22. Nalin Steel Works
29. Standard Rolling Mills Limited
30. Steel Markers Limited
31. Techno Steel Industries Limited
32. Tononoka Rolling Mills Limited
33. Top Steel Kenya Limited

23. Ndume Limited

24. Palak International Limited

25. Patnet Steel Markers Manufacturers Limited

26. Prime Steel Limited

27. Safal Building Systems Limited

28. St. Teresa Industries Kenya Limited

***Source, 13th Edition Kenyan Manufacturers & Exporters Directory***

**Appendix III: Work Plan**

| Activities | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 |
|---|---|---|---|---|---|
| Proposal writing | | | | | |
| Proposal Presentation | | | | | |
| Data Collection | | | | | |
| Data Analysis | | | | | |
| Report Writing | | | | | |
| Report Submission | | | | | |

## Appendix IV: Budget

| Item | Quantity | Cost (Ksh.) | Total (Ksh.) |
|---|---|---|---|
| **1. Personnel** | 1 | 5,000.00 | 5,000.00 |
| **2. Material** | | | |
| Photocopy paper | 4 reams | 815.00 | 3,260.00 |
| Ball Pens | 3pcs | 20.00 | 60.00 |
| Foolscap | 1 ream | 734.00 | 734.00 |
| Scratch Card | | | 2,000.00 |
| Internet | | | 3,000.00 |
| **3. Travel Expenses** | | | 5,000.00 |
| **4. Data Analysis** | | | |
| Statistical Analysis | | | 6,000.00 |
| **5. Report Preparation** | | | |
| Typing | | | 1,500.00 |
| Printing | | | 2,000.00 |
| Binding | | | 1,600.00 |
| **Total** | | | **30,154.00** |