



**THE USE AND PERCEIVED VALUE OF STRATEGIC MANAGEMENT TOOLS IN  
A FOOD MANUFACTURING COMPANY IN SOUTH AFRICA**

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## ABSTRACT

Academics and executives are increasingly in agreement that managers must pay more attention to the available strategic management tools, to acquire competitive advantages and surviving under pressure. Globally, there have been numerous studies conducted regarding strategic management tool usage. However, this is not the case in South Africa. There is limited research about the successful implementation of strategic management tools in manufacturing companies in South Africa, and whether the implementation thereof would assist companies to be financially competitive. The purpose of this study was to investigate the strategic management tool usage of a food manufacturing company in South Africa, with the aim of determining the use and perceived value of strategic management tools in a manufacturing company - which will be referred to as KP Foods.

Based on an internal cross-sectional survey design, a quantitative data collection method was selected. By making use of a predesigned, standard, and validated online survey questionnaire, data was collected from 49 participants at KP Foods. To analyse the data, two different variables were used – nominal and ordinal; and contingency tables were used to present findings.

The results indicated that strategic management tools are being implemented by the management of KP Foods. It also revealed that not all employees are aware of the specific strategic management tools that are being used and more importantly, it became clear that general employees are not aware of their role in the strategy implementation. The management of KP Foods is dedicated to implementing the strategy and they are continuing to monitor its progress. The managerial implications suggest that KP Foods implement strategy training and recommends that all employees are involved in the strategy formulation and implementation, in order to improve the knowledge of employees of their duties and contributions to the overall strategy. Future research should consider including numerous manufacturing companies in South Africa, to retrieve a bigger sample size in order to accurately make conclusions and suggestions about the specific strategic management tool usage in the industry.

**Keywords:** Strategic management tools, strategy implementation, manufacturing.

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## CHAPTER ONE: INTRODUCTION

### 1.1. Background

Companies that apply strategic management tools will be able to be more competitive, get access to new markets, improve product appeal, and fully satisfy customer expectations (Afonina, 2015; Muogbo, 2013; Ojua, 2016). According to Stonehouse and Pemberton (2002), strategic management can be conceptualised as a set of theories and frameworks, supported by tools and techniques, designed to assist managers of organisations in thinking, planning and acting strategically. These strategic management tools can be regarded as a generic concept for any method, technique, tool, framework, methodology or approach to facilitate a strategy (Stenfors, Tanner, Syrjänen, Seppälä, & Haapalinna, 2007).

In 2019, a study recorded over 1,800 food production companies in South Africa which has an industry which employs roughly 450,000 people (Global Agriculture Information Network, 2019). The food manufacturing company concerned in this study chose to remain unnamed and will be referred to as KP Foods. This company employs 50 staff members and can be categorised as a small and medium enterprise (SME) in South Africa (Government Gazette, 2019).

In South Africa, 70 to 80% of small businesses fail within 5 years and the country has a higher failure rate of SMEs by comparison with other countries (TGS South Africa, 2019). SMEs account for 60 to 70% of jobs globally, but only slightly more than 28% in South Africa, despite the fact that SMMEs account for more than 95% of the country's enterprises (TGS South Africa, 2019). This indicates that it is vitally important for SMEs in South Africa to implement a number of strategic decisions, in order to remain stable in the near future. To attract new clients, expand market share and remain competitive, new products will be required that will provide consumers with better awareness, flexibility, and visibility (Pellissier & Kruger, 2011).

KP Foods is a South African company that produces food-grade flavours and colours: 10% of the company's revenue comes from fragrance manufacture, 35% from colour manufacturing and 55% from flavour manufacturing. Sweet powders, sweet liquids, savoury liquids, and savoury powders are all examples of food grade flavours. Although some of the raw components required to make the flavours are imported, the finished product is made in South Africa. The company sells imported and repackaged oleoresins and extracted oils. All of the primary food-grade colours are imported; however, these core colours are blended with various raw ingredients to generate other colours. Flavours can be found in baking products (instant muffins and cakes), carbonated and still drinks (Coca Cola), hard and soft candy (lollipops), cereals, and they are all coloured according to market trends or historical preference.

SMEs in South Africa are critical to the country's economic development and have emerged as a key source of job creation (Abisuga-Oyekunle, Patra & Muchie, 2020; Abor & Quartey, 2010; Cant & Wiid, 2013). However, in South Africa, the failure rate of new SMEs is extremely high (Fatoki, 2018; Smit & Watkins, 2012). Globalisation has a significant impact on SMEs because it increases competitive pressures and the rate at which technological changes occur. As a result, SMEs must implement the appropriate strategies in order to adapt to changing market conditions; otherwise, the SME sector in South Africa will continue to fail (Leboea, 2017). It is, therefore, of crucial importance that companies such as KP Foods implement strategic tools; and do so in an effective manner in order to be competitive in the market and constantly adapt to changes.

If KP Foods' management is aware of the quality of their strategic management, they may develop and execute strategies and processes to make the company more successful and ensure long term profitability. Furthermore, it will enable management to make appropriate adjustments if they are aware of the employees' perception of strategic management. It is imperative for management to understand the role of strategic management tools and to communicate these effectively in the organisation.

Bloodgood and Chae (2010) argue that managers must be familiar with the direction of the organisation before making any strategic or operational decisions. However, this is not always the case at KP Foods, managers are not always familiar with the direction

of the company and what strategies are being planned. Bloodgood and Chae (2010) also claim that it is the manager's obligation to be aware of the various types of paradoxes that exist in the organisation, so that integrative measures of multiple paradoxes can be used to encourage success. KP Foods does not provide managers with the platform or opportunity to express their views regarding different paradoxes in the industry. The formulation of strategic management tools is evident at KP Foods but the execution is not always successful or clear to the employees of the company.

Ngcobo (2018) has discovered that executive management frequently communicates firm strategies; however, this is thought to be insufficiently clear, causing managers to struggle because, in order to give guidance to others, they must clearly comprehend what needs to be communicated. This research intends to establish if this is also the case at KP Foods. The research aims to establish if managers at KP Foods are aware of which strategic management tools to implement in the various phases of strategic management (formulation and implementation stages) and what the potential constraints of each tool are.

## **1.2. Problem statement**

Numerous studies have been conducted to find out what strategic tools companies are using in their decision making (Afonina, 2015; Nouri & Soltani, 2017; Berisha Qehaja, Kutllovci & Pula, 2017; Stenfors *et al.*, 2007). In Finland, Stenfors *et al.* (2007), concluded that executives actively use a variety of tools to support the making of significant decisions and the most popular tools were: Balanced Scorecard, spreadsheet applications, brainstorming and SWOT analysis. In 2015, Afonina has conducted a study to determine which strategic management tools are most commonly used in Czech Republic and the findings revealed that portfolio methods, level of service analysis and customer profitability analyses are used more by the manufacture sector, while SWOT analysis was utilised more by organisations working in the service sector (Afonina, 2015).

Conversely, Berisha Qehaja *et al.* (2017), has found that benchmarking, strategic planning, outsourcing, and vision and mission statements were the four most commonly employed methods from 2000 to 2014 in the Republic of Kosovo,

specifically in the transportation and tourism, manufacturing, and technology and telecommunications industries. Aldehayyat and Anchor (2009), concluded that techniques such as PEST or STEP analysis, Porter's five forces analysis, and analysis of key success factors received excellent marks in manufacturing and services industries in Jordan. In 2007, Gunn and Williams, determined that SWOT analysis is the most extensively used strategic management technique among manufacturing and service industry firms surveyed in the UK and benchmarking was ranked second in terms of its use.

From the foregoing results, it is clear that various strategic management tools and techniques are used in various sectors and companies around the world. However, research also indicates that some global companies are not fully aware of the benefits of strategic management tools. Stonehouse and Pemberton (2002), has found that managers at small and medium enterprises (SMEs) in the United Kingdom (UK), either appear to be unconvinced or unaware of the practical benefits of using strategic tools or frameworks for strategic planning. Aldehayyat and Anchor (2009), have come to a similar conclusion amongst companies in Jordan and say that it is obvious that there is a discrepancy between managers' awareness of strategy tools and procedures and their usage of them. Most strategy tools and procedures were familiar to managers, but they were not always used (Aldehayyat and Anchor, 2009). A greater use of strategic management tools would facilitate the improvement of organisational learning, enhance strategic thinking and help to reduce failure among SMEs (Stonehouse & Pemberton, 2002).

Studies regarding the use and value of strategic management tools were also conducted in African countries. Monday, Akinola, Ologbenla & Aladeraji (2015), recommend Nigerian firms make it a priority to include strategic management tools and processes as a success factor in organisations. Interestingly, Elbanna (2007), concluded that there are substantial differences in the use of strategic management tools between Egyptian manufacturing and Egyptian service organisations. Egyptian companies showed that the use of strategic planning in the foreign private sector is generally greater than in the local private sector. In this study by Elbanna (2007), a high percentage of respondents showed unfamiliarity with some of the classic strategic management tools. Elbanna (2007) suggested that there is a clear need for a better

understanding of planning tools and their role in improving the strategy formulation process. Similarly, Muogbo (2013) has concluded that strategic management is not yet a standard practice in Nigerian industrial companies.

Within Kenya's large private firms, there are still examples of implicit, informal planning (Aosa, 2011). Basic financial planning is the sole formal planning activity carried out by certain companies in Kenya: foreign corporations are leading the way in the spread and implementation of strategic management (Aosa, 2011). Bagire and Namada (2011) have provided an overview of the shortcomings in African organisations and opine that the region has only recently adopted strategic management, which could explain the low level of business, weak management, and multinationals' superiority. Local enterprises' incorporation into global business trends has resulted in some economic progress (Bagire & Namada, 2011).

In South Africa, Sewdass and Du Toit (2014), researched the current state of competitive intelligence among companies. The majority of respondents in the study believed that competitive intelligence strategies are necessary, and that this function has been in existence in their respective companies for more than five years. However, the majority of the respondents were either at top management or middle management level (Sewdass and Du Toit, 2014). This is interesting because, according to Ngcobo (2018), respondents - who were also managers - believed that there is a lack of communication from top to bottom in the organisation when strategies are implemented. This shows a contrast between the findings of Sewdass and Du Toit (2014), and Ngcobo (2018) because one study concludes that strategic tools are being used by top managers and the other study summarised that strategies are not necessarily communicated properly to the rest of the employees.

Cant and Wiid (2013) established the challenges that affect South African SMEs. According to the study's findings, the primary marketing variables are incorrect pricing tactics, low product demand, location of the business, and target audience understanding (Cant and Wiid, 2013). Fatoki (2014) came to similar conclusions and maintain that the internal failure causes include a lack of managerial expertise, a lack of functional abilities (e.g. planning, organizing, leading, and controlling), poor staff training and development, and negative customer attitudes. External obstacles include

the lack of a logistics chain and a high cost of distribution, competition, rising costs of doing business, a lack of capital, and crime - all of which are largely unmanageable by the organisation (Fatoki, 2014).

In South Africa, there is a gap in literature regarding the strategic management tools that manufacturing companies use to be competitive and successful. Therefore, the research problem has been identified as: "There is limited academic research on the value and perception of strategic management in manufacturing companies in South Africa". If companies use strategic management tools, it will allow them to be more competitive, access new markets, make products more attractive and fully satisfy consumer needs (Afonina, 2015; Muogbo, 2013; Ojua *et al.*, 2016). The amount of information available on this topic in respect to various strategic management techniques used by manufacturing companies is extremely small, and the scope of the problem is unknown.

### **1.3. Main Research question**

The following research question arose during the analysis of the problem description, and will be addressed in this study:

What are the uses and perceived value of strategic management tools in a manufacturing company in South Africa?

### **1.4. Research objectives**

This study aims to achieve the following objectives:

- i. To determine if the strategic management tools used in KP Foods are understood and well communicated among staff.
- ii. To determine what strategic management tools are being used in KP Foods.
- iii. To evaluate if the management team of KP Foods are capable of executing the implemented strategic management tools.

## **1.5. Assumptions**

The researcher makes an assumption that for the next few months, the corporation under investigation's strategy will remain constant; no new legislation will be enacted and the management team will remain unchanged.

## **1.6. Study design**

The research has a quantitative structured design, where data from one company will be collected through an online survey questionnaire. The company under investigation is situated in the Gauteng province of South Africa and employs approximately 50 staff members. Employees at all levels of the organisation - a mix of managerial and non-managerial staff - will be invited to participate in the study. The sample population consist of 50% employees with low level skills, with the minimum being a grade 10 qualification, and 50% employees holding a minimum of one graduated degree. The management team of KP Foods are all graduates of at least a 4-year degree.

## **1.7. Limitations**

A population sample will be gathered from a single manufacturing company in Gauteng, due to time and resource constraints. Caution should be taken to not generalise the findings of this study broadly across the food and beverage manufacturing industry. English is the second language for many of the study participants, which might limit their knowledge on certain topics. Data will be collected throughout the company, from entry level staff to senior management and therefore, all respondents might not have the particular knowledge on the current company strategies. Relying on honest and open responses from participants might pose a limitation to the study.

## **1.8. Significance of the study**

This research will have significant consequences for KP Foods as it will improve and develop a strong work environment for strategic management tools. If the management team of KP Foods is aware of employees' knowledge and understanding

of strategic management tools, changes can be implemented to daily operations to include the execution of strategic management tools. If the correct strategic tools are implemented and executed correctly by managers of all departments in KP Foods, goals and objectives could be monitored in a structured manner and the company could achieve a competitive advantage. If all the employees of PK Foods are aware of the direction of the company, short and long term goals could be included in their daily tasks and the company could attract new clients and expand their market share to ensure long term profitability.

### **1.9. Layout of the study**

The purpose of the study is to examine the value and use of strategic management tools in a manufacturing company in South Africa. The results will enable this company to make informed decisions regarding the direction of the company in order to be more competitive and profitable in the industry.

Chapter Two presents a thorough review of relevant and current literature in the field of strategic management. Different views from researchers regarding strategic management will be discussed, as well as the strategic management tools that are most commonly used internationally, in Africa and locally in South Africa. A determination will be made whether it is useful to understand the quality of strategic management in manufacturing companies and whether this understanding should influence the decisions of managers.

The research design and methodology that will be used in this study are described in depth in Chapter Three. It lays out the procedures for gathering, analysing, and presenting research findings. It also discusses the research tools' reliability and how they are validated, as well as the study's ethical considerations.

Chapter four will present and discuss the findings from the data that will be collected. In this chapter, the findings will be presented and debated in order to address the research problem and answer the research question.



Chapter Five includes the summary, conclusion, recommendations, and limitations of the study. This chapter aims to conclude the research objectives, to stipulate limitations, and to present recommendations for future studies.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1. INTRODUCTION**

Given the extremely competitive climate in which organisations operate, quality management is critical to acquiring competitive advantages and surviving under pressure; therefore, managers must pay more attention to the available tools for quality management (Mehralian, Nazari, Nooriparto & Rasekh, 2015). Thompson, Peteraf, Gamble, Strickland and Jain (2020) argue that nothing has a greater impact on a company's ultimate success or failure than its management team's ability to chart the company's direction, develop competitively effective strategic moves and pursue what needs to be done internally to produce good day-in, day-out strategy execution and operational excellence.

### **2.2. THE CONCEPT OF STRATEGIC MANAGEMENT**

Since Alfred Chandler established his definition of strategy in 1962, the level of consensus among experts on the concept has slowly shifted from values indicating poor consensus to others suggesting slight and fair levels of accord (Ronda-Pupo, & Guerras-Martin, 2012). Over the years, many researchers have come up with different definitions of strategy, but the aim of a strategy seems to be mostly similar - and that is for a company to be more competitive and more successful. Favaro, Rangan and Hirsh (2012), explain that a strategy is the outcome of executive decisions about where to focus and how to win in order to maximize long-term value. Nickols (2016) provides a good overview and describes a strategy as a complicated web of ideas, insights, experiences, goals, expertise, memories, perceptions, and expectations that give general guidance for specific actions in pursuit of specific goals. According to Thompson *et al.* (2020), a company's strategy is the coordinated set of actions that its managers take in order to outperform the company's competitors and achieve superior profitability. In order for a company to be more competitive, the firm needs to gain a competitive advantage over other firms in the industry.

Competitive advantage is the outcome of a company being either a highly capable participant in its market or being differentiated in what it offers (Lewis, 2000). The

research by Dhliwayo (2014), demonstrates that being proactive, risk-taking, strategic renewal and competitive aggression are crucial elements or inputs in achieving a successful competitive advantage. Because it encompasses the firm's mission or vision, strategy is a critical component of competitiveness (Dhliwayo, 2014). As the business climate has become more turbulent, the issue of competitive advantages has become more important. As a result, sources of competitive advantage will take centre stage, forcing managers to conduct more in-depth strategic analysis than in the past (Cegliński, 2016). Most strategy tools and techniques are intended to help managers deal with the uncertainties they experience when analysing and evaluating strategic choices.

### **2.3. AN OVERVIEW OF STRATEGIC MANAGEMENT TOOLS**

Strategic management tools can be regarded as a generic concept for any method, technique, tool, framework, methodology or approach to facilitate a strategy from the formulation, implementation and control stages of strategic management (Stenfors, Tanner, Syrjänen, Seppälä, & Haapalinna, 2007). In 1996 Michael Porter said, “The quest for productivity, quality, and speed has spawned a remarkable number of management tools and techniques. Although the resulting operational improvements have often been dramatic, many companies have been frustrated by their inability to translate those gains into sustainable profitability. And bit by bit, almost imperceptibly, management tools have taken the place of strategy” (Porter, 1996:37).

Studies have proposed that strategic management be used to maintain a competitive advantage. This is because strategic management outlines the organisation's objective as well as the strategies and actions necessary to achieve it (Berisha Qehaja *et al.*, 2017; Muogbo, 2013). Wright, Paroutis and Blettner (2013) have concluded that managers do, in fact, seek out tools that provide multiple perspectives, assist users in generating new ideas and performing analysis from various perspectives, display interconnection between entities, divide areas to provide a clearer picture and guide the thinking process in ways that foster complex and connected thinking.

Strategic planning may be appropriate as a conceptual process for integrating and presenting an organised representation of all management steps. However, it gives no indication of the possible success of the chosen strategy – it gives decision-makers

a sense of assurance, but it does not guarantee success (Berisha Qehaja *et al.*, 2017). Jarzabkowski and Kaplan (2015) agree with this statement and say that strategic management tools are most usefully seen as parts of the process rather than purely as sources of the 'answer.' Several authors came to various conclusions regarding different outcomes of the usage of strategic management tools and as a result, advantages and disadvantages of tools have been noted.

### **2.3.1 Advantages of strategic management tools**

Gunn and Williams (2007) suggest that knowing how to use strategic tools is vital for three reasons. Firstly, it reveals managers' reasons for employing strategic tools. Secondly, it will provide insight into the dissemination mechanisms that support tool application. Thirdly, it aids academics and practitioners in transitioning from a normative, rational approach to more humanistic, practice-based approaches to tool usage understanding. Knott (2006) also advocates for the use of strategic management tools and says that despite the fact that tools have no influence over the thinking or outcome, it appears to have the potential to channel and constrain thought as it focuses and steers. Strategic management tools are frequently conceptual approaches for facilitating strategy work and could serve as a thinking guide and a beginning point for structuring strategic action (Pasanen, 2011). Similarly, Vasileva (2018) has concluded that the added benefit of the PEST analysis is that it helps to inform and assist decision-making in the future development strategy, thus allowing it to participate in the strategic regional planning process.

Jarzabkowski and Kaplan (2015) are in favour of using strategic management tools in practice but conclude that the role of educators should be to emphasise how the tools and frameworks are used in practice, rather than merely the substance of the tools and frameworks. Vaitkevičius (2007) has also indicated that a number of the responding managers referred to the theoretical knowledge of the SWOT analysis rather than to the practical application of the tool. It seems that there is a gap between the practical implementation of strategy tools and the theoretical knowledge thereof. Under the premise that managers have a clear complete understanding of existing tools and techniques, strategic management tools and techniques could deliver a lot of benefits to firms (Afonina & Chalupsky, 2013). Gunn and Williams, (2007) have also found that there is a definite link between respondents' educational backgrounds and

their use of strategic tools. Tassabehji and Isherwood (2014) also claims that educational background impacts use of strategy tools.

Managers could use strategic management tools to their advantage because it aids in the development of a more rational understanding of critical strategic challenges, and strategy tools may be able to assist in the development of more relevant and successful plans (Frost, 2003). Stenfors *et al.* (2007) divide the stated benefits of strategic management tools into four categories: (1) focusing on strategy work and strategic decision-making; (2) supporting collaboration and communication; (3) activating knowledge, experimenting and producing ideas; and (4) improving operational procedures. Leiber, Stensaker, and Harvey (2018) point out the benefits of using the SWOT analysis and say that the tool reveals the topic's resistive complexity and can aid in the identification of measures to address weaknesses and threats.

Similar advantageous findings were made regarding the usage of the Balanced Scorecard (BSC) as a strategic management tool. Kaplan (2009) maintain that the Balanced Scorecard puts the company strategy, instead of control measures, at the centre. The use of a Balance Scorecard and firm performance have a positive and significant relationship, implying that more use of the BSC measures is associated with enhanced company performance (Jusoh, 2008). Boulianne (2006) has come to similar conclusions and says that the BSC represents a valid performance model, according to the criteria of content validity, internal consistency reliability, and factorial validity. Goyal (2020) analysed the use of Porter's 5 Forces as a strategic management tool and emphasised the importance of looking for imperfect markets that give greater opportunities, as flawed markets allow for supernormal earnings, which are not possible in perfect competition. Although Goyal (2020) mentioned advantages of Porter's 5 Forces, he also dives into the disadvantages and criticisms that the tool presents.

### **2.3.2 Disadvantages of strategic management tools**

Stenfors *et al.* (2007) conducted a study amongst 274 respondents from 264 different companies in Finland. The respondents to the survey highlighted 222 flaws, risks, impediments, and issues related to the usage of tools. However, the number of negatives mentioned is significantly lower than the number of advantages reported. In this study, 46% of the disadvantages were found in the implementation phase of the strategic tool and it was reported that several disadvantages stemmed from attitudes toward the tools and beliefs in their capacities (Stenfors *et al.*, 2007). Rigby and Bilodeau (2015) say that, to succeed, businesses must first comprehend the entire implications of each instrument, then mix the appropriate tools in the appropriate ways at the appropriate times. But Stenfors *et al.* (2007) points out that executives are not always aware of the actual methods that lie behind the tools.

Worren, Moore and Elliott (2002) explain this issue from a different perspective and say that managers require several types of information to meet the demands of various activities, and emphasize that academic approaches that focus on just one representational mode will always leave a gap in understanding of how managers really apply knowledge. Waruiru (2009), further explains that the management of the company has to implement various strategies to overcome strategic tool implementation challenges. These include awarding bonuses, offering performance pegged rewards and close monitoring through reviews. Furthermore, Worren *et al.* (2002), explains that conceptual tools might make it difficult for users to think outside that frame once it has been established.

Researchers have also mentioned disadvantages regarding specific strategic management tools. Abubakar and Bello (2013) point out that the SWOT analysis has one key flaw: its intrinsic subjectivity. As a result, what one manager or analyst views as an opportunity may not be so for another (Abubakar & Bello, 2013). Talib, Hamid, Zulfakar, and Jeeva (2014) argue that the PEST analysis is not a complete reflection of the industry because the external environment is always changing; furthermore, it is simply a 'snapshot' of the components in the environment at a specific point in time, and the PEST factors are merely a reminder list to be used judiciously. Goyal (2020), analysed Porter's 5 Forces and concluded that is a fantastic paradigm However, they also indicate that it is one that is stuck in the past and cannot be applied in today's

dynamic and adaptable market: a flaw that is critical in the analysis of modern-day strategy. Goyal (2020) further investigated the 5 Forces and says that Porter oversimplifies industry value chains: in some cases, buyers must be separated and distinguished from channels, intermediate buyers, and end consumers, such as in markets where a manufacturer sells both directly and through distributors. Porter does not define which buyers are given more weight and, as a result, their priority ranking. This is important in many businesses since the distributor may eventually compete with the manufacturer, selling a similar - or even competing - product (Goyal, 2020).

Similarly, Grundy (2006) has concluded that combining and linking Porter's 5 forces with additional tools, such as development drivers and PEST factors, could better the outcome of strategies. Porter's 5 Forces is useful as a beginning point for strategic analysis, although it does have some drawbacks that should be further investigated (Chesula & Kiriinya, 2018). Waruiru (2009), has discovered that the primary obstacles faced in the implementation of the balanced scorecard were cultural hurdles, fear of change, inadequate training resources, a lack of knowledge, a lack of measurement for some targets and a lack of clarity, according to the interviews.

## **2.4. THE PRACTICAL USE OF STRATEGIC MANAGEMENT TOOLS**

A study conducted amongst 746 companies in the United Kingdom (UK) concluded that 92% of the study population utilised strategic management planning: however, there was very little evidence of the usage of strategic management tools (Stonehouse & Pemberton, 2002). By contrast, according to Indrani, Naidoo, and Wickremasinghe (2020), Sri Lankan companies demonstrate a high level usage of four strategic management tools, namely: Target Costing, Kaizen Costing, Balanced Scorecards and Benchmarking. Findings from a study in Czech Republic also indicated extensive use of strategic management tools and techniques (Afonina, 2015). Interestingly, in Jordanian companies, most of the strategic tools were familiar to the company executives, but not all of them were used (Aldehayyat & Anchor, 2009). O'Brien and Meadows (2013) observe that employees made limited use of the strategy tools that they already knew but this might be due to a lack of knowledge in combining tools and failure to link scenarios to the strategies. Among 192 SMEs operating in Turkey, the most commonly used tools and techniques are strategic planning, human resources

analysis, total quality management, customer relationship management, outsourcing, financial analysis for firm owners, vision/mission, PEST, financial analysis for competitors, and benchmarking (Kalkan, & Bozkurt, 2013).

Rigby and Bilodeau (2015), collected data from companies in North America, Europe, Asia, Africa, the Middle East and Latin America to track among other things, the usage of 25 different strategic management tools. In the findings, it became clear that Customer Relationship Management was the most popular tool in 2012, and it was followed by Benchmarking, Employee Engagement Surveys, Strategic Planning, Outsourcing, and Balanced Scorecard in 2014. Moreover, it was concluded that regardless of which tools companies prefer, it is obvious that substantial tool efforts yield higher satisfaction rates than limited efforts (Rigby & Bilodeau, 2015).

**Table 2.1: The Ten Most Used Tools during the Period 2006 – 2017**

2006	2010	2012	2014	2017
1. Strategic Planning	1. Benchmarking	1. Strategic Planning	1. CRM	1. Strategic Planning
2. CRM	2. Strategic Planning	2. CRM	2. Benchmarking	2. CRM
3. Customer Segmentation	3. Mission and Vision Statements	3. Employee Engagement Surveys	3. Employee Engagement Surveys	3. Benchmarking
4. Benchmarking	4. CRM	4. Benchmarking	4. Strategic Planning	4. Advanced Analytics
5. Mission and Vision Statements	5. Outsourcing	5. Balanced Scorecard	5. Outsourcing	5. Supply Chain Management
6. Core Competencies	6. Balanced Scorecard	6. Core Competencies	6. Balanced Scorecard	6. Customer Satisfaction
7. Outsourcing	7. Change Management	7. Outsourcing	7. Mission and Vision Statements	7. Change Management
8. Business Process Reengineering	8. Core Competencies	8. Change Management	8. Supply Chain Management	8. TQM
9. Scenario and Contingency Planning	9. Strategic Alliances	9. Supply Chain Management	9. Change Management	9. Digital Transformation
10. Knowledge Management	10. Customer Segmentation	10. Mission and Vision Statements	10. Customer Segmentation	10. Mission and Vision Statements

*Source: Adapted from Bain & Company (Rigby and Bilodeau, 2017).*

From Table 2.1 it can be seen that more recent data revealed that strategic planning, CRM and benchmarking have been consistently in the top 4 over the past few years (Rigby and Bilodeau, 2017). However, according to Table 2.2, Tassabehji and Isherwood (2014) - who conducted their study among 458 respondents among 47 different countries - the SWOT analysis, financial forecasting and mission/vision statements were the top performers.



From a study in Albania, 230 companies were investigated, and results showed that 52% of small and medium companies, and 74% of large companies, prefer to use the SWOT analysis as a strategic management tool (Kure & Leskaj, 2009). Another study in the UK concluded that over 50% of firms use SWOT, benchmarking, and critical success factor analysis, with SWOT analysis being used by 70% of organisations (Gunn & Williams, 2007). In this study, between a quarter and a third of businesses employ a variety of methods, such as competition and stakeholder analysis. However, fewer than 15% of companies use 'academically learned' methods like the McKinsey 7'S' framework and Porter's 5-forces analysis (Gunn & Williams, 2007).

**Table 2.2: Frequency of strategic tools by managers**

Strategic tool	Frequency of use (%)	Strategic tool	Frequency of use (%)
SWOT	75.8	BCG	26.4
Financial forecasting	68.6	ANSOFF	21.4
Mission/vision statement	68.1	BOS	20.5
Scenario planning	52.2	Game theory	17.9
Value chain analysis	45.4	Cultural web	14.2
Five forces	28.8	Strategic canvas	11.8
PESTL	26.6	Strategic clock	8.7

*Source: Tassabehji and Isherwood (2014).*

O'Brien (2011), reported on the results from the online study by Rigby and Bilodeau and pointed out that some of the field's classic techniques, such as PEST analysis, Porter's five forces, and portfolio matrices, were conspicuously unfamiliar to respondents. O'Brien (2011) says that a possible reason for this could be that very few master's courses offer standard management and strategy tools and that the results would be drastically different if the study were conducted again with a group of practitioners with a management experience. When looking at the statistics from Tassabehji and Isherwood (2014) it shows that 56% of respondents who know about the tools have some management qualifications, whereas 86% of those who don't know the tools have none. Similarly, persons with no managerial qualifications are likely to know 50% of the tools, whereas those with managerial qualifications are likely to know 81% of the tools. Elbanna (2007) has come to the conclusion that a deeper awareness of the strategic planning tools available and how they could be used to provide a better understanding of strategy formulation, is required in Egyptian companies.

## **2.5. THE USAGE OF STRATEGIC MANAGEMENT TOOLS IN AFRICAN COMPANIES**

Bagire and Namada (2011) conducted a study to determine the gaps in sustainable business development in Africa and concluded that strategic management tools have the intrinsic ability to break into the global economic system, allowing for long term growth and technical advancement. Monday, Akinola, Ologbenla, and Aladeraji (2015) found that 84% of participants in Nigeria, agreed that the company strategies were developed in accordance with the firm's vision and purpose statement, and 76% said that the measures used to implement the strategies and policies - such as programs, budgets, and processes - were effective. According to the findings of a study conducted in Egypt, 35.8% of the firms did not have written strategic plans. This could indicate that Egyptian businesses use less strategic planning than their counterparts in developed countries: however, it shows that 64.2% of the firms in the study have progressed beyond short-term management (Elbanna, 2007).

Toyota East Africa Limited develops its employees and uses training as a strategic management tool to a large extent, according to Maina (2011). Setting performance standards, using training courses and seminars, coaching and counselling, offering employees supervisory support and mentoring, job teaching, and consulting are all useful training strategies (Maina, 2011). In Nigeria, Muogbo (2013), has found that strategic management is not common in manufacturing firms. The study also indicated that strategic management impacts competitiveness, and that strategic management adoption has a major impact on manufacturing business competitiveness. Similar findings were made in Kenya, where large private firms rely on implicit, informal planning instead of using strategic management tools or techniques (Aosa, 2011). Bagire and Namada (2011) conclude that the African region has only recently adopted strategic management, which could explain the low level of business, weak management, and multinationals' superiority.

A single case study method was chosen for a study at an Eastern Cape-based construction SME to determine their strategic management process (Adendorff, Appels & Botha, 2011). According to the interview results, the company used SWOT analysis and Porter's 5 Forces as strategic management tools. More importantly, it was concluded that in order to preserve competitive advantages, construction SMEs

should employ either a low-cost strategy or any other plan, such as a focus strategy, marketing strategies, training, and retention strategies, to ensure that the company's order book remains at a given level (Adendorff *et al.*, 2011).

There seem to be discrepancies between African companies regarding strategic management tools and their utilisation. This study therefore aims to determine the value and perceptions of strategic management tools in an SME manufacturing company in South Africa. It should be established if there is a lack of communication among executives and the rest of the staff as Ngcobo (2018) has found, or if the problem lies elsewhere.

## **2.6. CONCLUSION**

From the arguments in the literature reviewed, it is clear that there is not yet enough research which has been conducted in South African companies to determine if strategic management tools are a necessity to achieve a competitive advantage. Rigby and Bilodeau have conducted extensive research regarding strategic management tools and their usage since 1993. However, it is mentioned that African companies are included in the research but no in depth explanation of which tools are being utilised in Africa are mentioned.

SMEs in South Africa have a high failure rate in comparison to the rest of the world yet insufficient research has been conducted to explain if strategic management tools should be utilised to reverse this rate. There are also debates in African companies about whether the education of strategists has an influence on the strategic management tools that companies employ. Therefore, it is useful to conduct research in an African company to see if only graduates are considering strategic tools as important and useful, or not.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1. INTRODUCTION

For the construction of scientific studies, research methods are used which allow for specific analysis based on the researcher's methodology. It is the responsibility of the researcher to select the research approach that best suits the situation under investigation. Qualitative and quantitative approaches stand out in the scientific world for their utility and widespread acceptance (Queirós, Faria & Almeida, 2017). This chapter will provide detailed information regarding the research methodology employed in the study. An explanation of the data collection process and the analysis of data will be presented and furthermore, this chapter explains the reliability and the ethical considerations for the study.

### 3.1.1. Research Problem

In South Africa, there is a perceived gap in literature regarding the strategic management tools that manufacturing companies use to be competitive and successful. If companies use strategic management tools, it will allow them to be more competitive, access new markets, make products more attractive and fully satisfy consumer needs (Afonina, 2015; Muogbo, 2013; Ojua, 2016). In terms of strategic management methods and approaches utilised by manufacturing organisations, the amount of knowledge available in South Africa is extremely limited. The research problem was identified as: "There is limited knowledge on the value and perception of strategic management tools among the staff at KP Foods".

### 3.1.2. Main Research question

The following research question arose during the analysis of the problem description, and will be addressed in this study:

What are the uses and perceived value of strategic management tools in a manufacturing company in South Africa?

### **3.1.3. Research objectives**

This study aims to achieve the following objectives:

- i. To determine if the strategic management tools used in KP Foods are understood and well communicated among staff.
- ii. To determine what strategic management tools are being used by KP Foods.
- iii. To evaluate if the management team of KP Foods is capable of executing the implemented strategic management tools.

## **3.2. RESEARCH METHODOLOGY**

### **3.2.1. Study Design**

Quantitative research can range from controlled experiments to studies that examine historical data and find causal correlations, while findings are measured, evaluated, and generalised to a population, and researchers urge replication of the findings (Park & Park, 2016). Conversely, qualitative research is undertaken when there is limited study on a topic, and descriptive narratives have the capacity to provide detailed information about that topic (Rutberg and Bouikidis, 2018). Rutberg and Bouikidis (2018) say that qualitative research methodology is often employed when the problem is not well understood and desire exists to explore the problem thoroughly. The advantages of qualitative research include gaining a deeper understanding of how to design, administer and interpret language assessments; and understanding candidate behaviour (Rahman, 2020).

Quantitative research provides for a bigger sample size and variables, resulting in more reliable testing (Rahman, 2020). To acquire numeric data in quantitative investigations, research is carried out in a more structured setting that gives the researcher more control over study factors, the environment and the research questions (Rutberg and Bouikidis, 2018). The variables to be investigated are known in this study. As a result, in order to meet the study's objectives, a quantitative research method will be used. In quantitative research, a survey questionnaire can provide accurate and relevant data through thoughtful design, testing and detailed

administration (Taherdoost, 2016). Several other studies regarding the use of strategic management tools (Berisha Qehaja *et al.*, 2017; Elbanna, 2007; Gunn & Williams, 2007; Jarzabkowski & Kaplan, 2015; Kume & Leskaj, 2009; Muogbo, 2013; Rigby & Bilodeau, 2017; Tassabehji & Isherwood, 2014), utilised quantitative methodology, making use of surveys to collect data. Afonina (2015) explains reasons for utilising a quantitative method as: easy data collection; anonymity of participants; minimum expenses; confidence that the right person has responded; and it is easy for participants to use.

The purpose and goal of a survey, rather than the results of a single intervention, is to define distinctive features of a wide group of people, objects, or institutions and to comprehend current situations (Park & Park, 2016). Two of the most noteworthy advantages are the sample method's representativeness of the entire population and its inexpensive cost when compared to other options (Queirós *et al.*, 2017). Therefore, this study will utilise a quantitative research design with a cross-sectional survey method. A cross-sectional survey occurs at one point in time and can be thought of as a snapshot of what the researcher intends to investigate (Connelly, 2016).

### **3.2.2. Study population**

This study will be conducted at the premises of the company under investigation, referred to in this study as KP Foods. KP Foods is situated in the heart of South Africa, in the Gauteng Province and employs roughly 60 staff members. Data will be collected from the following departments in the organisation: production, quality assurance, quality administration, laboratory, sales, research and development; general administration and human resource management. The maintenance and cleaning departments will be excluded from the study as they are not directly involved with the strategic management processes in the company. Around 50% of the study participants have a minimum of a grade 10 qualification where the other 50% hold a minimum of one graduated degree. The composition of the participants includes both genders with more male staff in the production department, and women working in the quality assurance and admin departments. Different race populations among the participants include a combination of Black, White and Indian.

### **3.2.3. Sampling technique**

The study will follow a purposive sampling technique, also known as judgment sampling, which is the purposeful selection of participants based on the participant's characteristics (Etikan, Musa & Alkassim, 2016). Purposive sampling allows the researcher to determine what information is required and sets out to discover participants who can - and will - supply it based on their knowledge or experience (Sharma, 2017). The aim of the study is to determine the use and perceived value of strategic management tools among employees at KP Foods, therefore, the researcher has decided to exclude the cleaning and maintenance departments from the study. The purposive sampling method will allow the researcher to select participants for the study to be able to obtain the relevant information to answer the research question. The reason for this exclusion is that the cleaning and maintenance departments do not have the relevant insight and knowledge of the strategic management processes at KP Foods.

### **3.2.4. Data Collection**

The participants will be contacted via an email from the researcher, which will contain a cover letter that accompanies the survey link. The cover letter will explain the purpose and importance of the survey in a succinct and Professional manner. In the cover letter, it will be explained that the privacy and anonymity of the participants will be maintained throughout the study. The participants will also be informed that information gathered will be used strictly for the study and that their participation will be purely voluntary. Furthermore, participants will be notified that they have the option to withdraw from the study at any time, with no repercussions.

### **3.2.5. Data Collection Instrument**

A predesigned, standard and validated survey questionnaire will be used to collect data from participants. A questionnaire is the main means of collecting quantitative primary data and allows for the collection of quantitative data in a standardised manner, resulting in data that is internally consistent and coherent for analysis (Roopa & Rani, 2012). After completion of all the online questionnaires, results will be extracted from the online platform by Professor Venter and sent to the researcher.

A pilot test must be conducted before actual data collection in order to validate the instrument and ensure that the questionnaire is free from errors and ambiguities (Rahi, Alnaser, & Abd Ghani, 2019; Silverman, 2013). The study questionnaire was piloted by sending it to participating students and experts to complete and provide feedback. The relevant adjustments were made to the questionnaire and non-eligible responses were eliminated. The standard questionnaire with closed questions and measure scales is divided into six sections which will be discussed below (Appendix A):

### ***Section 1: Organisation and respondent particulars***

The responders are requested to describe the nature of the company, the core of the business, and the country where the organisation's headquarters are located. Information about the number of people in the company, the respondent's position within the company, and their functional area are questioned in this section. This question should provide a deeper insight into the different departments within the company and their views around strategic management tools that are being used. It would also assist to analyse in which department strategic management tools are valued.

### ***Section 2: Quality of strategic management***

Statements are given regarding strategic management in the organisation and participants should indicate their agreement with each statement. These randomly listed statements used a five-point Likert scale for evaluation of each response. The scale ranged from one to five, with the extreme left of the scale, 'one', being 'strongly disagree', and the extreme right of the scale, 'five', being 'strongly agree' and 'three' in the middle being 'neutral'. From this question, the researcher will understand the quality of current strategic management usage. The results from this question will provide insight to the perceptions of participants regarding the quality of the strategic management that are applied at KP Foods.

### ***Section 3: The tools of strategic management***

Statements regarding strategic management tools are given and respondents should firstly indicate whether the organisation make use of it is a Yes or No answer. Secondly, participants should stipulate on a five-point Likert scale of 1 to 5, where 1 is 'no value whatsoever' and 5 is 'can't live without it', what value strategic management



efforts adds to the company. The responses from this question will provide a clear picture of the different strategic management tools that are being used by the company and it will also become clear which departments are aware of the different tools that are implemented.

#### ***Section 4: Organisational performance***

Participants are asked to consider the organisations' overall performance compared to the industry average over the last three years and rate this on a three-point scale from 1 being 'below the industry average' to two, 'about average' or three, 'better than the industry average'. Participants would express if they perceived that the company is performing well in the industry or not. A link between the perceptions of the performance of the company and the strategic management tool usage would provide the researcher with better insight to make conclusions.

#### ***Section 5: Personal particulars***

This section assessed demographical aspects of the participant's age, their gender, their qualification and ethnic group. If there are correlations between qualifications of the participants and their knowledge about the strategic management of KP foods, it will become explicit in this section. This knowledge would also be helpful to KP Foods in order to understand in which department training might be necessary.

#### **3.2.6. Data Analysis**

After completion of the online survey, the results will be transferred to the study supervisor who will send it to the primary researcher. Thereafter, Microsoft Excel will be used as an instrument for data analysis. To analyse the data, two different variables will be used – nominal and ordinal. Nominal variables comprise a specific number of categories where each category simply describes a sub-group of cases (Connolly, 2007). Ordinal variables allow the researcher to rank order the categories of an ordinal variable in some meaningful and relevant way (Connolly, 2007). Raw data as well as evaluated data will be displayed in the form of tables and bar charts.

The researcher will also make use of contingency tables to present findings from the study. Thomas, Nelson and Silverman (2011), explain that a contingency table is the analysis of the results of questionnaires in which there are several categories of

responses, such as the Likert scale, and two or more groups of respondents (different departments at KP Foods). Statistical results will be provided after the calculation of percentages based on the responses on the Likert scale.

### **3.3. VALIDITY AND RELIABILITY**

The following section will explain the validity and reliability of the study and how it will be applied in data collection.

#### **3.3.1. Validity**

There are four main validity tests of a questionnaire namely, face validity, content validity, construct validity and criterion validity (Taherdoost, 2016). Face validity is the degree to which a measure appears to be related to a specific construct, in the judgment of non-experts such as test takers and representatives of the legal system (Taherdoost, 2016). Construct validity is the measure of the propriety of the constructs in the instrument (Oktavia, Mentari & Mulia, 2018). Criterion or concrete validity is the extent to which a measure is related to an outcome and measures how well one measure predicts an outcome for another measure (Taherdoost, 2016). Lastly, content validity goes somewhat further, by seeking to include the range of facets of a construct and to do so in a balanced way (Kember & Leung, 2008).

To ensure content validity, this study's questionnaire was piloted by sending it to participating students and experts to complete and provide inputs. The questionnaire was also distributed across experts and students at the UNISA Graduate School of Business Leadership.

#### **3.3.2. Reliability**

If validity of a measurement represents the accuracy of the measurement, the reliability of an instrument indicates the consistency of the scores acquired from the instrument (Oktavia *et al.*, 2018). Taherdoost (2016) argues that the most commonly used internal consistency measure is the Cronbach Alpha coefficient which is viewed as the most appropriate measure of reliability when making use of Likert scales.

Cronbach's alpha coefficient is scaled between zero and one, with zero meaning that the items in the scale have nothing in common and one meaning that they are all perfectly correlated (Conroy *et al.*, 2021). Bujang, Omar & Baharum (2018) explain that sample sizes as small as 30 can measure alpha reliably, as long as the scale items have strong inter-correlations. The study aims to have at least 50 participants; therefore, the sample size is large enough to achieve reliability. Ercan, Yazici, Sigirli, Ediz & Kan (2007) argue differently and have found that the sample size is not as important as the item number in the questionnaire: it was found that with an increase in item number, either the consistency of estimation or the reliability level will increase. The study has a minimum alpha of 0.7 being taken as reliable for measurement. This measure of reliability is relevant for this study, as the questionnaire has multiple Likert questions that will be used to collect data.

### **3.4. ETHICAL CONSIDERATIONS**

Before data collection, the organisation's signed authorisation to conduct the study will be secured and the researcher will apply for an ethical clearance certificate from the SBL Research Ethics Review Committee at UNISA. This study will be carried out in an ethical manner, with participants' informed consent, protection from harm, and right to privacy all being respected. The participants will also be informed that information gathered will be used strictly for the study and that they can withdraw from the study at any given point. The collected data will be kept in a password-protected computer file and will be deleted after a period of 5 years.

### **3.5. CONCLUSION**

This section covered the research methodology that will be adopted to answer the research objectives and questions. The research framework, sampling techniques and data analysis methods were discussed, followed by the ethical considerations and validity and reliability of the study.

## CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

### 4.1. INTRODUCTION

The aim of the study was to determine what the use and perceived value of strategic management tools are within a manufacturing company in South Africa. The main objective of the study was to determine the quality and impact of the strategic management tools that are used by the company and to evaluate if the management team of KP Foods is capable of executing the implemented strategic management tools. This chapter outlines the collected data and discusses the findings of the data analysis. Data analysis results are presented and discussed in alignment with answering the research question, to address the research problem. The study aimed to achieve the following objectives:

- to determine if the strategic management tools used in KP Foods are understood and well communicated among staff
- to determine what strategic management tools are being used in KP Foods, and
- to evaluate if the management team of KP Foods is capable of executing the implemented strategic management tools.

This study was conducted at the premises of the company under investigation, referred to in this study as KP Foods. Data collection was administered by an online questionnaire by following a purposive sampling technique, also known as judgement sampling. The researcher has decided to exclude the cleaning and maintenance departments from the study because the cleaning and maintenance departments do not have the relevant insight and knowledge of the strategic management processes at KP Foods.

Nominal and ordinal variables were used to analyse the data, and nominal variables were divided into a predetermined number of categories, where each category only serves to characterise a smaller subset of occurrences. Ordinal variables enabled the researcher to meaningfully and pertinently rank order the categories of an ordinal variable. Furthermore, to identify and explain any abnormalities and deviations in the

acquired data, descriptive statistics analysis was conducted, and the mean of each question, as well as the standard deviation, was calculated. These calculations were used to draw conclusions and compile the findings.

## **4.2. RESEARCH PROBLEM**

The research problem has been identified as: "There is limited academic research on the value and perception of strategic management in manufacturing companies in South Africa". By addressing the research problem, changes could be made to daily operations to incorporate the use of strategic management tools. If the correct strategic tools are implemented and executed correctly by managers of all departments in KP Foods, goals and objectives could be monitored in a structured manner and the company could achieve a higher competitive advantage.

## **4.3. METHODOLOGY**

The study design followed a quantitative descriptive design and data was collected by using an online questionnaire. The online questionnaire was sent to 50 permanent employees at KP Foods and a total of 49 responses were received, resulting in a response rate of 98%. According to a study conducted by Baruch and Holtom (2008), the average response rate for studies at the individual level was 52.7%, while the average response rate for studies at the organisational level was 37.2%. Therefore, a response rate of 98% can be considered exceptionally good.

## **4.4. RELIABILITY**

The Cronbach Alpha coefficient was used to measure the reliability and consistency of the scores acquired from the Likert scale. Cronbach's alpha coefficient is scaled between zero and one, with zero meaning that the items in the scale have nothing in common, and one meaning that they are all perfectly correlated (Bonett, & Wright, 2015; Tan, 2009). The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale (Gliem & Gliem, 2003). The study has a minimum alpha of 0.7 being taken as reliable for measurement. The Cronbach Alpha

coefficient will be calculated by using the formula suggested by (Lee, In & Lee, 2015),  $\alpha = rk / [1 + (k - 1)r]$  where k is the number of items considered and r is the mean of the inter-item correlations. Therefore, the size of alpha is determined by both the number of items in the scale and the mean inter-item correlations

The Cronbach's alpha coefficient of consistency for the research instrument used in this study was established through grouping items which measured similar concepts. The table below represents the Cronbach's alpha coefficient from the Likert scale that was used in data collection.

**Table 4.1: Questionnaire reliability**

Measured construct	Cronbach's alpha coefficient	Number of items
Quality of strategic management	0.76	11

Based on the results in Table 4.1, the Cronbach's alpha coefficient equals 0.76, which indicates that the items have good internal consistency and a strong positive correlation of similar construct measurement. This implies that the questionnaire was reliable. Based on calculated coefficients, further analysis of the data was comfortably conducted.

## 4.5. RESULTS

### 4.5.1. Positions of respondents in the organisation

To fully analyse the results of the study, it was necessary to examine the different positions of the employees at KP Foods. Participants had to choose between 6 positions that best describe their position in the company. Table 4.2 shows a representation of the results from the employees at KP Foods.

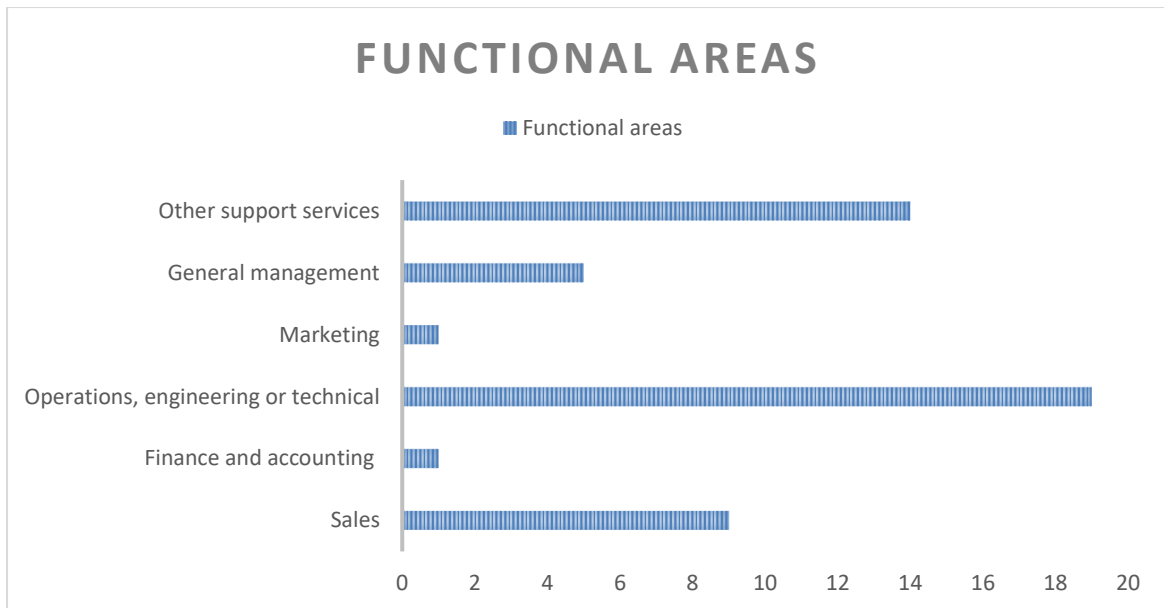
**Table 4.2: Positions of employees**

<b>Position within organisation</b>	<b>Frequency (n)</b>	<b>Frequency (%)</b>
Director	1	2
Senior manager or executive	5	10
Middle manager	4	8
Entry level manager	3	6
Professional specialist	3	6
Permanent employee (non-manager)	33	67
<b>Total</b>	49	100

The respondents' position distribution shows that most of the responses came from permanent employees or non-managerial staff, making up 67% of the participants. The number of non-managerial respondents is key to the results of the study because it can then be determined if the general employees of KP Foods are aware of the strategic management tools that are being implemented. There is a total of 26.5% of respondents that are in management positions and these respondents can be considered to be more knowledgeable about the overall strategies of the organisation. The imbalance between non-managerial and managerial respondents should indicate whether the general employees have a good understanding of the strategic management at KP Foods.

#### **4.5.2. Functional area of respondents**

The below Figure represents the functional areas of the respondents at KP Foods.



**Figure 4.1. Functional areas of participants**

Most of the participants are working in the operations, engineering or technical area, which consists of 19 respondents (38,7%). The company under investigation is a manufacturer of food products, therefore, most of the staff work in production. The production staff are grouped into different functional areas; blending, weighing, dispatch and warehouse. The second largest function area is the support services with a total of 14 participants (28.6%). These participants are working to support several other departments, including the quality assurance department and the research and development department at KP Foods. The sales functional area consists of 9 respondents (18.4%) who make up the sales representatives of KP Foods. One respondent was said to be in the marketing area which also falls under the sales function.

The company has 5 general managers, each managing their own department: sales, production, quality assurance, operations and customer services. The general managers at KP Foods are responsible for communicating the strategic vision of the company to their respective departments. The finance and accounting function only consists of one respondent who handles all the finances and accounting responsibilities of the company. It was necessary to investigate the functional areas of the participants to get a clear picture of the responsibilities of the staff at KP Foods. Bagheri (2016) states that planning for human resources is a component of strategic planning, since the humanistic dimension is regarded as a strategic resource for firms.



Therefore, when strategic planning is underway, the different human resources that KP Foods has, need to be used as a strength to implement strategies.

#### 4.5.3. Respondents' Gender

KP Foods consists of 38.8% female staff and 61.2% male staff. In the population of South Africa, 51% are female and 49% are male (Stats SA, 2022). However, at KP Foods, there are more male employees due to the operations, engineering and technical functional area. KP Foods has more male staff members that work in the production department, which is also the biggest department in the company. The female staff makes up the quality control department as well as the admin and sales departments.

#### 4.5.4. Age distribution

The average age of the participants is 34 years, which indicates a younger workforce. The age distribution spans between 23 years of age and 61 years, the oldest. The wide age range among the participants indicates that there is a variety of experience and knowledge regarding strategic management and the functions thereof. Figure 4.2 shows the age distribution of the participants.

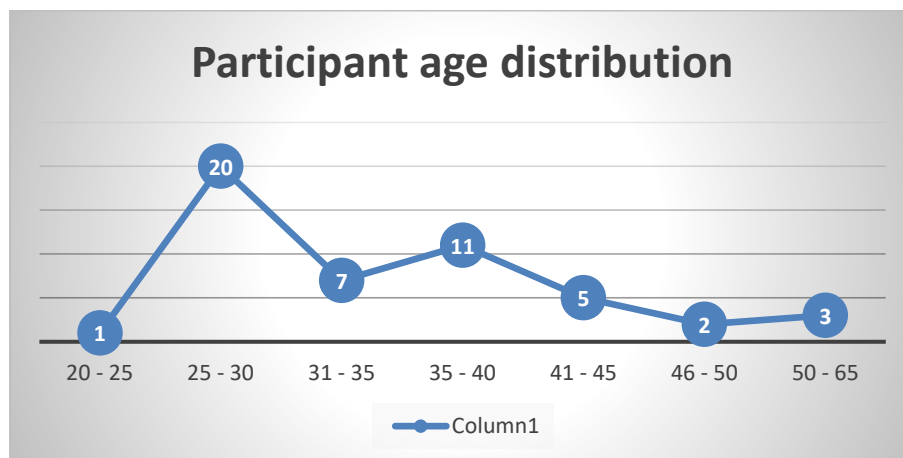
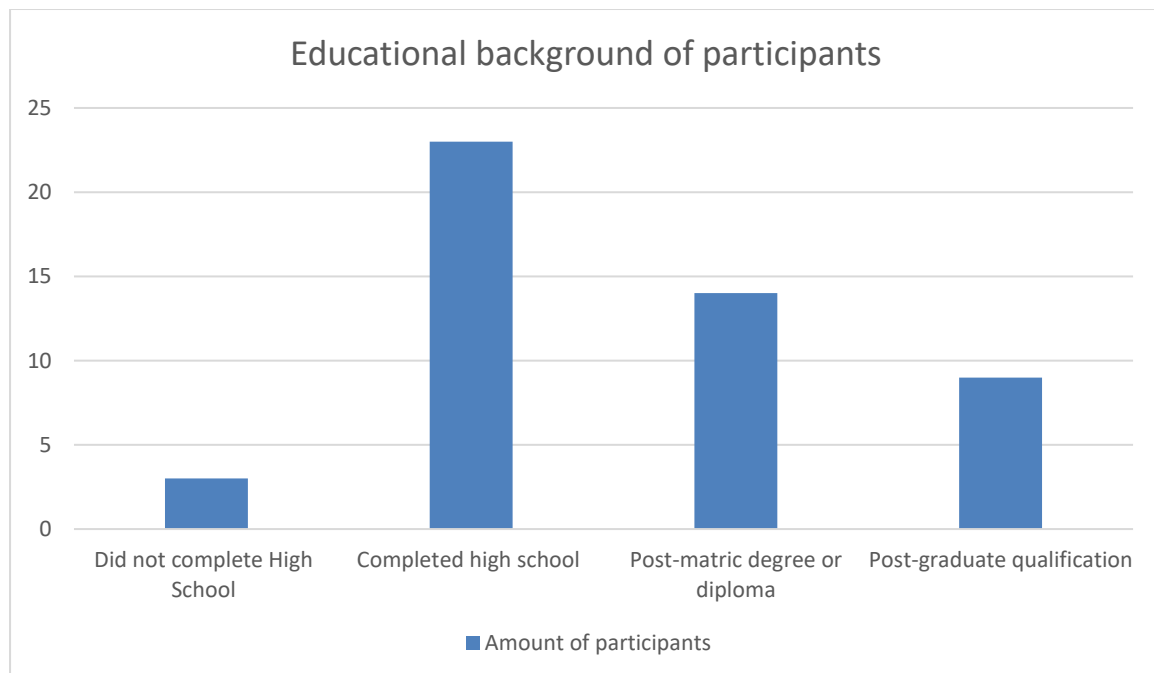


Figure 4.2. Participant age distribution

#### 4.5.5. Educational background

It was very important to establish the participants' educational backgrounds because participants' responses could be linked to their educational knowledge about strategic tools and their implementation. Figure 4.3 below shows that most of the participants completed high school (46.9%) and, the lowest number of participants, at 6.1%, did not complete high school. 28.6% of the participants obtained a post-matric degree or qualification and 18.4% of the participants have a post-graduate qualification. If the participants with a post-matric degree and participants with a postgraduate are grouped, it will also add up to 46.9%. Therefore, the same amount of participants completed high school as those who obtained a qualification after school. Fatoki (2014), has concluded that the most significant factor associated with the high level of success of immigrant firms is the level of education. The level of education among the participants will have a great impact on the results of the study because not all participants might understand the strategic management tools mentioned in the survey.



**Figure 4.3 Education background of the participants**

#### 4.5.6. Ethnic group

In order to assess the sample's representativeness, the respondents were required to identify their ethnic group. Table 4.3 indicates the ethnic groups of the participants in the study. It can be seen that 75.5% of the population is black and 18.4% is white. The smallest ethnic group is Indians making up 6.1% of the survey population.

**Table 4.3: Respondents' Ethnic groups**

	Frequency	Percent
Black	37	75.5
White	9	18.4
Asian/ Indian	3	6.1

#### 4.6. DESCRIPTIVE STATISTICAL ANALYSIS

The following section discusses the results from a question in the survey that asked participants to consider 11 statements on strategic management in the organisation and indicate their agreement with each statement. Statements were randomly listed using a five-point Likert-type scale to evaluate responses, using the following scores:

1= Strongly disagree (SD)

2= Disagree (D) -

3= Neutral (N),

4= Agree (A),

5= Strongly agree (SA)

This question aimed to understand the quality of the current strategic management usage at KP Foods. The second and third objectives of the study were:

- to determine if the strategic management tools used in KP Foods are understood and well communicated among staff, and

- to evaluate if the management team of KP Foods are capable to execute the implemented strategic management tools.

This question in the survey aims to answer these objectives. The descriptive statistical analysis is summarized in Table 5.1. On the statements evaluating the construct, a yellow highlight in the tables denotes high variance and a red highlight denotes low variation.

**Table 4.4: Descriptive analysis of the strategic management implementation at KP Foods**

Statement		Frequency					Mean	Std Dev
		SD	D	N	A	SA		
1. Our organisation has clear long-term (3 years +) objectives.	N	0	4	9	20	16	36.2	27.41
	%	0	8.16	18.37	40.81	32.65		
2. Our organisation has a clear vision for the future.	N	1	1	4	23	20	33	25.13
	%	2.04	2.04	8.16	46.94	40.81		
3. We almost always achieve our long-term objectives.	N	3	1	6	31	8	42.6	34.55
	%	6.12	2.04	12.24	63.27	24.49		
4. The leadership of our organisation is visibly committed to successfully implementing our strategy.	N	1	0	4	25	19	33.8	26.09
	%	2.04	0	8.16	51.02	38.78		
5. Our internal organisation structure supports our strategic direction.	N	0	0	5	34	10	41	33.67
	%	0	0	10.20	69.39	20.41		
	N	1	1	8	24	14	36.8	28.55

6. We have the right technology in place to successfully implement our strategy.	%	2.04	2.04	24.49	48.99	28.57		
7. We have a clear long-term strategy.	N	0	2	9	21	17	35.4	26.88
	%	0	4.08	18.37	42.86	34.69		
8. Our organisation's strategy is clearly understood by most people in the organisation.	N	1	6	11	22	9	41.8	32.75
	%	2.04	12.24	22.45	44.90	18.37		
9. Our strategies are acceptable to all key internal stakeholders.	N	2	1	10	27	9	41.8	33.33
	%	4.08	2.04	20.41	55.10	18.37		
10. Our strategies are aligned well with our external environment.	N	1	4	8	26	10	41	32.39
	%	2.04	8.16	16.33	53.06	20.41		
11. We have a good understanding of our key strengths and weaknesses.	N	1	3	0	33	12	39.4	32.07
	%	2.04	6.12	0	67.37	24.49		

#### **4.6.1. Are strategic management tools understood and well communicated among staff?**

Statement 3 asked participants to rate this statement: “We almost always achieve our long-term objectives”. This statement had the highest percentage of respondents saying that they highly disagree with the statement (6.12%) however, this statement also has the highest mean which is 42.6. The results are contradictory because 63.27% of the respondents agreed with the statement while 24.49% of respondents strongly agreed with the statement. This statement had the highest standard deviation of 34.55 which represent the variation of the data and indicates that respondents’ answers are the most distributed between ‘strongly disagree’ and ‘strongly agree’.

Kume and Leskaj (2009), have concluded that a prediction cannot offer a solid enough theoretical foundation to implement long-term strategies in a setting where consumer preferences are constantly changing; where consumer groups are difficult to identify and where the adoption of new technologies aimed at satisfying consumer needs is accelerating rapidly. Conversely, Monday *et al.* (2015) claim that a strategy is a long-term, forward-looking, and visionary plan that is motivated by the need for a competitive edge. More industries are becoming global and are competing on an international level therefore, strategic management now becomes an increasingly important tool to keep track of international developments to position the company to gain long-term competitive advantage.

Statement 7 asked the respondents if the company has a clear long-term strategy. From the table above, none of the respondents completely disagree and 4.08% disagree with the statement. Interestingly, 18.37% responded as neutral, which could indicate that they are not sure if the company has a long-term strategy or not. 42.86% of respondents agreed with the statement while 34.69% of respondents completely agree with the statement. The results indicate that many employees opine that the company does not have a clear long term strategy and that the company do not always achieve their long term objectives.

From the above table, the second statement asked the respondents to indicate if the organisation has a clear vision for the future. Interestingly, the results indicated that 41.8% of the respondents strongly agree with the statement: “Our organisation has a clear vision for the future”. This specific statement also has the highest percentage of

respondents in agreement with the statement. The results indicate that 46.94% of the respondents agreed with the statement, resulting in a combined 87.6% of respondents who agree and strongly agree with the statement. This is interesting because the employees at KP Foods are mostly in agreement that the company has a clear vision for the future but many employees opine that the long-term objectives are not always met. This could indicate that there are long-term strategies at KP Foods, but these strategies are not always met in the long term. This can be due to the ever-changing market and the fact that more companies are competing globally to be more competitive.

The respondents were asked to evaluate if the leadership of KP Foods is visibly committed to successfully implementing the strategies of the company. The table above indicates that 51.02% of respondents agreed with the statement and 38.78% strongly agreed with the statement. This calculates to a combined 89.8% of respondents that are in agreement, against only 2.04% that completely disagree with the statement. This statement has the lowest standard deviations, at 26.09, which indicates that the highest amount of respondents agreed that the leadership of KP Foods is committed to implementing the strategies of the company.

Another statement regarding the internal quality of strategic management asked the respondents if the internal organisational structure supports the strategic direction of the company. The results indicate that none of the respondents disagreed with the statement and none of the respondents completely disagreed with the statement. 69.39% of the respondents agreed that the internal structure supports the strategic direction of the company and a further 20.41% completely agreed with the statement. Nouri and Soltani (2017), agreed that managers will not be able to implement strategic management tools and procedures successfully if the necessary information systems, appropriate cultural values and optimum organisational structures are not available. It is clear that the internal structure of KP Foods is optimally used to support the strategic direction of the company.

Statement 6 asked the participants if the company has the right technology in place to successfully implement the strategy. The highest number of respondents had a neutral (N) response to this specific question which was calculated at 24.49%. 48.99% of the respondents agreed and 28.57% strongly agreed with the statement. 2.04% strongly



disagreed and another 2.04% disagreed with the statement. This is interesting because of the high number of respondents who were neutral to the question and a combined 4.08% of respondents who are in disagreement with the statement. It could indicate that the respondents feel that they need better technology to be implemented in their departments. However, further investigation needs to be conducted to find out which departments require technology improvements and what they expect from the technology implementation.

The results from the statement: "Our organisation's strategy is clearly understood by most people in the organisation" showed interesting results. 2.04% of respondents said that they completely disagree, and 12.24% of respondents opine that they disagree with the statement. This is also the highest number of respondents who collectively disagree with a statement. 22.45% of respondents have a neutral opinion regarding the statement, which is also a high percentage in comparison to other questions. 44.90% of the respondents agree with the statement but only 18.37% of respondents completely agree with the statement: this is the lowest percentage of respondents to collectively completely agree with a statement. This statement showed contradictory results, as many respondents claim that the organisation's strategy is well understood while others say that it might not be so well understood by people in the organisation. Ngcobo (2019) says that managers play a key role in the strategic implementation process, which calls for improved communication between middle and top management. It is concerning that so many employees of KP Foods are of the perception that the company strategy is not clearly understood by most people in the organisation. This could indicate that the communication from managers regarding the company strategies is not clear to all employees.

Internal factors are those that the organization can primarily control. These include factors like a lack of management experience, a lack of functional abilities, inadequate staff training and development, and negative customer attitudes (Fatoki, 2014). Statement 17 asked the respondents if the company strategy is acceptable to all key internal stakeholders. A combined 6.12% disagree and completely disagree with the statement while 20.41% of respondents had a neutral response. A combined 73.47% agree and completely agreed with the statement which indicates that the majority of respondents feel that the company strategy is acceptable to internal stakeholders.

External factors are those that the organization has little influence over. These include the lack of a logistics chain, high distribution costs, competition, rising business costs, a lack of funding, and crime (Fatoki, 2014). Another statement asked if the company strategies are aligned well with the external environment: 53.06% of respondents agreed with the statement and 20.41% completely agreed. This shows that the employees think that the strategies of KP Foods are aligned with that of competitors.

A statement asking respondents if the company has a good understanding of its key strengths and weaknesses, resulted in 2.04% of respondents saying that they completely disagree and 6.12% of respondents saying that they disagree with the statement. No respondents have a neutral response but 67.37 agree and 24.49% completely agree with the statement. The response indicates that most of the employees at KP Foods agree that the company has a good understanding of their key strengths and weaknesses.

#### **4.7. STRATEGIC MANAGEMENT TOOLS USED BY KP FOODS**

This section provides the results from a question that asked the respondents to consider 12 statements regarding the strategic management tools that are being used at KP Foods. Firstly, the question asked respondents whether the organisation makes use of the tool mentioned in the statement by answering Yes or No. Secondly, the respondents were asked what value they believed the specific tool adds to strategic management efforts. Respondents had to indicate the value using a five-point Likert-type scale with values from 1 to 5 where 1 is 'no value whatsoever' and 5 is 'cannot live without it.'

**Table 4.5: Strategic management tools at KP Foods**

Statement	Frequency (%) implementation		Frequency of importance (%)				
	Yes	No	1	2	3	4	5
<b>A strategic planning department</b>	69.38	30.61	8.16	2.04	16.33	42.86	30.61
<b>A formal strategic planning process</b>	81.63	18.37	2.04	0	30.61	30.61	36.73
<b>A formal strategic plan</b>	85.71	14.29	0	2.04	32.65	30.61	34.69
<b>Scenario planning</b>	73.47	26.53	0	10.2	26.53	26.53	36.73
<b>A formal process for strategy implementation</b>	77.55	22.45	0	4.08	32.65	34.69	28.57
<b>Balanced Scorecard</b>	67.35	32.65	8.16	6.12	20.41	32.65	32.65
<b>A formal implementation plan</b>	77.55	22.45	4.08	6.12	24.49	26.53	38.78
<b>Executive Information Systems`</b>	83.67	16.33	2.04	8.16	10.2	34.69	44.9
<b>Regular reviews of progress with implementation</b>	87.76	12.24	2.04	6.12	16.33	34.69	40.82
<b>An organisation-wide performance management system</b>	89.80	10.20	6.12	2.04	20.41	22.45	48.98
<b>Implementation incentives or rewards</b>	81.63	18.37	8.16	6.12	12.24	34.69	38.78
<b>Stakeholder engagement during the strategic planning and implementation</b>	79.60	20.40	2.04	10.2	18.37	40.82	28.57

The statement that achieved the highest percentage of respondents that said Yes to a statement was “An organisation-wide performance management system”. 89.80% of the respondents agreed that KP Foods are using this statement as a strategic management tool. Furthermore, most respondents (48.98%) rated this strategic management tool as a 5 on the scale of importance to themselves. This could indicate that KP Foods is using an organisation-wide performance management system as a strategic management tool and the employees also opine that this is a very important and useful tool to use. Performance management is a continual process for recognising, evaluating, and improving an individual's or team's performance as well as coordinating it with the organisation's strategic goals (Aguinis, 2013). Performance management systems have a critical role in translating a strategy into action. Aguinis (2013) says that an organisation's strategic plans must serve as the foundation for its performance management systems. All employees' actions, results, and development plans must be in line with the organisation's vision, mission, goals, and strategies. When such alignment exists, organisations can anticipate more benefits from using a performance management system.

In Section 5, most of the respondents (87.6%) agreed that the organisation has a clear vision for the future. This could indicate that the company uses mission and vision statements as a strategic management tool. The result of this study is concurrent with that of Nouri and Soltani, (2017), who have concluded that mission and vision statements are one of the top 10 commonly used strategic management tools and techniques used among managers of Iranian companies. Rigby and Bilodeau (2015), have found that vision and mission statements consistently remain in the top 10 global strategic management tools over the past few years. Berisha Qehaja, Kutllovci and Pula (2017), presented a summary of empirical studies regarding strategic management tools and techniques that were used globally between 1990 and 2015. Berisha Qehaja *et al.* (2017) concluded that just two tools are shared by the results for the top 10 tools from Rigby and Bilodeau's (2015) study, and the top ten tools from all other empirical research. These were declarations of benchmarking, vision, and mission. Therefore, it can be concluded that KP Foods are in line with many other companies that are using mission and vision statements as strategic management tool.

The statement that received the most No responses from respondents asked if the Balanced Scorecard is being used as a strategic management tool. Rigby and Bilodeau (2015) have found that the balanced scorecard is globally the 6<sup>th</sup> most commonly used strategic management tool. The results from a study by Nouri (2017) are concurrent with that of another study by Gunn and Williams (2007) who have both found that the balanced scorecard is mostly used by larger companies with a turnover of more than 10 million pounds. KP Foods are operating at a smaller scale; therefore it makes sense that the company is not using a balanced scorecard as a strategic management tool.

#### **4.8. EVALUATION OF THE STRATEGY EXECUTION BY KP FOODS' MANAGEMENT**

Executing a strategy is typically a collaborative team effort in today's businesses, with each manager playing a part for the division they oversee. Rarely is the CEO the sole one responsible for it (Tompson, Peteraf, Gamble & Strickland, 2020). According to the results in the table above, 69.38% of the respondents said that the company has a strategic planning department, 81.63% of the respondents said that the company has a strategic planning process and 85.71% of the respondents said that the company has a formal strategic plan. This indicates that the employees of KP Foods are aware that the company has a strategic management plan and a process to implement the plan. Tompson *et al.* (2020), says that if the strategy implementation process is handled successfully, management will reach or exceed its financial and strategic performance goals and make significant progress toward achieving its strategic vision. From the results, it can be concluded that the quality of strategy implementation at KP Foods is fairly good and the financial performance targets should be met.

Furthermore, most of the employees at KP Foods (87.76%) declared that the company regularly reviews the progression of the implementation of the strategies. Nwachukwu, Hieu, Chládková and Fadeyi (2019) have found that in order to achieve and maintain strategic performance, it is crucial to continuously evaluate the firm's current practices, use key performance indicators to monitor the success of strategic initiatives, be successful at identifying corrective action when those initiatives fail or could be improved,

and acknowledge the failure of those initiatives promptly. Another study by Dibrell, Craig, and Neubaum (2014) implies that managers should make an effort to combine formal strategic planning procedures with thoughtful, adaptable reactions to those plans to manage environments that are changing at an accelerating rate. According to the results, KP Foods is regularly reviewing its strategic implementation process. It can therefore be deduced that it is adapting its strategies according to changes in the industry.

#### **4.9. SUMMARY AND CONCLUSION**

The findings of this study reveal that KP Foods is, indeed, making use of strategic management tools to plan for the long term. Considering the highly competitive environment that organisations are facing, strategic management tools play a pivotal role in gaining competitive advantages and surviving under pressure. It appears that the management of KP Foods is aware of the importance of strategic management tools and that it is informing its respective departments of the strategic management tools and direction of the company. According to the respondents, KP Foods is using mission and vision statements as a strategic management tool. However, the respondents also opine that the company's long-term objectives are not always met.

An interesting finding is that 6.12% of the respondents completely disagreed with the statement that the company "... almost always achieves long term strategies" but none of the respondents completely disagreed with the statement that "the company has a clear long term strategy". Therefore, most respondents say that the company has a clear long term strategy but many respondents also say that the company does not always achieve their long-term goals.

The results concluded that the management team of KP Foods are committed to implementing the strategies of the company; therefore, it can be argued that the respondents received training on the company's strategies or that they were somehow told about the implementation process of strategies. However, many of the respondents argue that the organisation's strategy is not clearly understood by most people in the organisation. Although the employees of KP Foods are aware of a strategy that is being

implemented, it could be that they do not fully understand what the strategy entails and what their role in the strategy implementation is.

A clear conclusion from the results is that the company also makes use of a performance management system as a strategic management tool. Aguinis (2013) states that an intentional effort must be made to connect the strategic plan with individual performance in order to guarantee that a strategy flows down the company and results in tangible actions. The employees at KP Foods are not fully aware of what their role in the strategy implementation is, therefore it can be argued that the strategic plan does not flow down the company and individual performances are not linked to the overall strategy of the company.

# CHAPTER 5: DISCUSSIONS, RECOMMENDATIONS AND CONCLUSION

## 5.1. INTRODUCTION

SMEs in South Africa are essential to the nation's economic development and have become a significant source of new employment (Abisuga-Oyekunle, Patra & Muchie, 2020; Abor & Quartey, 2010; Cant & Wiid, 2013). However, in South Africa, the failure rate of new SMEs is extremely high (Fatoki, 2018; Smit & Watkins, 2012). Globalisation has a substantial impact on SMEs because it accelerates the pace of technical development and competitive pressures. In order to adapt to shifting market conditions, SMEs must therefore apply the necessary strategies; otherwise the South African SME sector will continue to struggle. Therefore, it is of crucial significance that companies such as KP Foods implement strategic tools - and do so in an effective manner in order to be competitive in the market and constantly adapt to changes.

In South Africa, there is a gap in literature regarding the strategic management tools that manufacturing companies use to be competitive and successful. Therefore, the research problem has been identified as: "There is limited academic research on the value and perception of strategic management in manufacturing companies in South Africa". The amount of information available on this topic in respect to various strategic management techniques used by manufacturing companies is extremely small. If SMEs such as KP Foods are aware of the correct strategic management tools to use, it might make a difference in the success rate of these companies.

### 5.1.1. Research purpose and objective

The study's primary objectives were to assess the effectiveness and value of the strategic management tools used by the company and to determine whether KP Foods' management team was able to meet the challenge of implementing those tools into practice. Therefore, this study aimed to achieve the following objectives:



- to determine if the strategic management tools used in KP Foods are understood and well communicated among staff
- to determine what strategic management tools are being used in KP Foods and
- to evaluate if the management team of KP Foods are capable of executing the implemented strategic management tools.

## **5.2 DISCUSSION OF FINDINGS**

In this section, the major research findings are discussed, in alignment to the specific research objectives and recommendations to each objective will be made.

### **5.2.1 Research objective 1**

The first objective of this study was to determine if the strategic management tools used in KP Foods are understood and well communicated among staff. Descriptive analysis done on the quality of strategic management tool implementation indicated that the highest standard deviation of 34.55 was calculated for the statement: “We almost always achieve our long-term objectives”. This indicates a wide variety of responses and that the employees of KP Foods do not necessarily agree that the long term objectives are always met. Contrarily, the respondents are mostly in agreement that the company has a clear vision for the future. Therefore, it can be concluded that most of the employees are aware of the vision of the company but the vision is not always achieved in terms of the long term strategies.

When the respondents were asked if the organisation’s strategy is clearly understood by most people in the organisation, the highest number of respondents collectively disagreed with this statement and the lowest number of respondents to collectively completely agreed with this statement. It can be concluded that many of the employees opine that the company’s strategy is not well communicated among staff and that they might not understand the role they play in the strategy. Bloodgood and Chae (2010), argue that managers must be familiar with the direction of the organisation before making any strategic or operational decisions. In this study, it is not clear whether or not it is the

managers of KP Foods who do not understand the direction of the organisation, or if it is not understood by general employees.

One point that is has been clear in the results is that the employees of KP Foods are of the opinion that the leadership of KP Foods are committed to implementing the company's strategies. This shows that most of the employees are aware of strategies that are being implemented but it could be the case that employees do not understand the long term vision of the company, therefore they said that the long term strategies are not always met.

### ***Recommendations***

Firstly, general employees should be made aware of the strategies that are being implemented and proper training should be provided to the employees in order for them to understand the strategies and also to understand their role in the strategy implementation. Stanciu (2015), suggests that strategy implementation needs to be efficient, and this will be achieved by ensuring that employees have the necessary competencies for performance. Secondly, the strategy must be integrated between different aspects of the organisation (Stanciu, 2015). Therefore, KP Foods must ensure that the overall company mission and vision should be achievable and relevant to each department in the organisation.

Training sessions should be held with each department to ensure that all staff are aware of the overall company strategy and the department strategy. Thereafter, employees should be trained in their specific functions in terms of the strategy. This could entail training on their job descriptions and how each job description falls part of the department strategy and then to the entire company's' strategy. Stanciu (2015) suggests that managers must make sure that their subordinates:

1. Know and understand their expectations.
2. Have the necessary competencies to meet those expectations.
3. Have the support of the organization in developing their capacity to meet those expectations.

4. Receive the feedback on their achievement.
5. Have the opportunity to discuss and contribute to the establishment of individual and group objectives.

### **5.2.2. Research objective 2**

The second research objective aimed to answer the question: What strategic management tools are being implemented by KP Foods? In this question, respondents had to provide “yes” or “no” answers to several statements given regarding the strategic management tools that are being implemented at the company. From the results it can be highlighted that mission and vision statements, as well as performance management systems are being used as strategic management tools.

According to the results, KP Foods are implementing an organisation-wide performance management system. Rajnoha, Štefko, Merková, and Dobrovič (2016) concluded in their study that implementing a system of strategic performance management of the firm, supported by a knowledge-based Business Intelligence Information System, appears to be the primary strategy for improving the overall economic performance of a manufacturing company. It appears that KP Foods is implementing the correct strategy in comparison to other manufacturing companies. When properly implemented, performance management can be a powerful instrument for concentrating activities and efforts that could enhance business performance. Stanciu (2015), says that a poor understanding of the function and application of performance management systems may result in a lack of employee engagement, the appearance of useless tasks and an improper allocation of rewards.

There is no doubt that KP Foods is implementing performance management as a strategic tool but the functioning and application of the tool might not be optimal. In objective one it became clear that KP Foods is not always achieving their long term goals, which shows that the company is not adapting to changes in the industry which results in failing to achieve long terms goals. Furthermore, in objective one, the respondents said that not all employees understand the strategy of the company. It could be that the managers of KP Foods are implementing the strategies and are constantly working to reach goals but the

general employees do not necessarily understand what the strategy entails. The study's finding is in line with the findings of a study by Ngcobo (2018) that was also conducted in South Africa and the findings revealed that there is a lack of communication from top to bottom in the organisation when strategies are implemented.

The second strategic management tool that is being implemented by KP Foods is mission and vision statements. From the first question, respondents said that the company has a clear vision for the future. The researcher came to the conclusion that that KP Foods is using mission and vision statements as an additional strategic management tool as this question was not included in the second section. Rigby and Bilodeau (2015), have found that vision and mission statements consistently remain in the top 10 global strategic management tools over the past few years. Monday, Akinola, Ologbenla and Aladeraji (2015), also concluded that manufacturing companies' strategies were formulated in line with the organisations' vision and mission statements. Another study evaluating the level of strategic management in Albanian companies has found that vision, mission and objectives were used to assist strategic management in companies (Kume & Leskaj, 2009). When evaluating previous research, it can be concluded that the use of mission and vision statements as a strategic management tool could be successful if implemented correctly.

### ***Recommendations***

Symbolic and rational planning dimensions can be considered as the emphasis of traditional structuralist strategy tools, with symbolic planning producing high-level visions and missions and rational planning producing more precise and detailed objectives, action plans, and outcomes (Tassabehji & Isherwood, 2014). KP Foods is planning for the future by using vision statements and making the necessary adjustments to their strategy by the short term mission statements.

Without a doubt, companies should have human resources to execute the strategic plan and therefore the use of organisation-wide performance management systems is correct. However, there are other strategic management tools that KP Foods can also consider implementing. SWOT analysis was recommended as a successful strategic management tool by many researchers (Afonina, 2015; Gunn & Williams, 2007; Kume & Leskaj, 2009;

Leiber, Stensaker, & Harvey, 2018; Stenfors, Tanner, Syrjänen, Seppälä & Haapalinna., 2007; Tassabehji & Isherwood, 2014). From the literature review in Chapter 2, it become clear that the SWOT analysis are being implemented in a diverse set of companies and not only in the food manufacturing industry. Therefore, the researcher recommends that KP Foods implement SWOT analysis together with their current strategies. Mehralian *et al.* (2015) opine that managers must pay more attention to the quality management tools that are available but because the pharmaceutical industry's mission is to supply society with healthy and high-quality products, it is more critical to have quality management tools in place than in other industries. In the global study by Rigby and Bilodeau (2017), industries with the heaviest tool use are transportation and tourism, manufacturing, and technology and telecommunications.

The management team of KP Foods could use the mission and vision statement as their current strategic management tool but the SWOT analysis should be done frequently to assess their current position in the industry and from there, they can align the company-wide performance management system to implement the strategies in the various departments.

### **5.2.3. Research objective 3**

The last research objective evaluated the strategy execution by the management of KP Foods. A company can have a perfect strategy but if it is not executed and implemented properly, the strategy might not be successful. According to the results, the employees of KP Foods are under the impression that the company has a strategic planning department, a strategic planning process and a formal strategic management plan. This mainly indicates that the employees of KP Foods are aware of a strategy that is being implemented and that the management team is involved in the planning and execution of the strategy.

The results also revealed that the strategies are regularly reviewed which could indicate that the management of KP Foods is dedicated to the strategy of the company and that changes are made to the strategy as the industry changes and new challenges arise. When question one is considered, the employees of KP Foods said that long term objectives are not always met, it could be the case that the management team is not

always communicating changes to the strategy to general employees but in the background, they are working to execute the company's strategies.

### **Recommendations**

To execute a company's strategy Tompson, Peteraf, Gamble and Strickland (2020), suggest involving three distinct actions and initiatives. These actions involve: 1) Business strategy; 2) Functional-area strategies; and 3) Operating strategies. The three actions will be discussed below as a recommendation to KP Foods.

#### **1) Business strategy**

This is the start of strategy building and should be the responsibility of business unit heads. It is concerned with strengthening the market position, building competitive advantage, and improving the performance of the business (Tompson *et al.*, 2020). This will involve the inclusion of all the managers at KP Foods who represent each department in the organisation. Together with the CEO, managers should decide the direction of the company and determine the overall mission and vision of the company.

#### **2) Functional-area strategy**

This function concerns the approaches employed in managing particular functions within the business (Tompson *et al.*, 2020). The managers are responsible for the strategic functions within their department, with the general manager or CEO having the final say (Tompson *et al.*, 2020). KP Foods should involve all managers from the respective departments in the formulation of strategies and the implementation thereof. In this manner, each department could link their strengths and weaknesses into the different departments and together they can achieve the strategic goals of the company.

#### **3) Operating strategies**

This activity focuses on managing key operational units and certain operational activities of strategic importance in a relatively constrained manner (Tompson *et al.*, 2020). This strategy will be formulated and executed by department managers and will be communicated down to general employees in the respective departments. This strategy should not be downplayed, explains Tompson *et al.* (2020), because when a major plant

fails in its strategy to achieve production volume, costs and quality, it can influence the reputation of the company's quality — leading to the strategy of the company not being met. This is exactly the case at KP Foods: general workers are not informed about the importance of the company strategy, and they might opine that their role is not of importance. However, it became clear that it is of high importance that everyone in the company should be aware of the strategic goals and especially what their role is in achieving the company's strategy.

### **5.3. SIGNIFICANCE AND CONTRIBUTION OF THE STUDY**

The findings from this study have academic and managerial implications.

#### **5.3.1. Managerial implications**

This study has contributed to the knowledge and insights of KP Foods regarding their strategic management. The study revealed that many of the employees at KP Foods are not informed well enough about the strategies of the company and they might not understand their role in strategy implementation. The management team of KP Foods should consider the recommendations made by the researcher in order to refine their strategies and its implementation. KP Foods is now able to identify the core problem to the implementation of their strategies and by knowing the perceptions of employees, they are able to adapt and make changes to the company's strategy implementation process. KP Foods is also aware of the impression that their strategic plans have created amongst their workforce and how successful the long terms strategies are. If KP Foods is reaching their long term plans, it needs to be reported back to employees so that they are aware of the impact of their daily operations and contributions to the strategy of the company.

Employees should be more involved with the strategy formulation and implementation, so that the mission and vision can link back to the key performance indicators of each employee and department. The employees of KP Foods are aware of the performance indicators that are being used as a strategic management tool, but the linkage between performance indicators and the overall strategy of the company should be made clearer to general employees. This will provide employees with a sense of belonging and pride

in the job function that they have. Employees will work towards their individual goals as well as departmental goals: this will also ensure successful implementation of the strategies. Furthermore, if all employees are aware of the company strategies, they could provide their input from a departmental perspective and more realistic goals could be set by the company.

The management of KP Foods could also consider training on strategic management tools and the reason for using them. The strategy formulation, implementation and execution process could be explained so that all employees are able to provide their insights in terms of the different departments. As all departments have different challenges and goals, it would be beneficial for the management team to get the input from all employees so that the strategy could be implemented and executed more sufficiently.

### **5.3.2. Academic implications**

In South Africa, there is a gap in literature regarding the strategic management tools that manufacturing companies use to be competitive and successful. This study attempted to contribute to the lack of research regarding strategic management tool usage in the food manufacturing industry in South Africa. Manufacturing companies in South Africa could compare the findings of this study to their operations and strategic management plans. The research could also broaden the thinking of manufacturing companies in terms of their strategies.

In South Africa 70 to 80% of small businesses fail within 5 years and the country has a higher failure rate of SMEs in comparison to other countries (TGS South Africa, 2019). Not many SME companies in South Africa make use of formal strategic management tools, and this study could motivate managers to explore the use of these tools to be more competitive and successful. Stonehouse and Pemberton (2002) argue that a greater use of strategic management tools would facilitate the improvement of organisational learning, enhance strategic thinking and help to reduce failure among SMEs. This study could serve as building blocks for research about SMEs in South Africa and contribute to the reasons for the necessity for implementation of strategic management tools to increase the success rate of SMEs in the country. The study not only contributes to literature, but



it provides the necessary conviction that the gap between theory and practice can be narrowed.

#### **5.4. LIMITATIONS TO THE STUDY**

After the recommendations, some limitations of the research should be mentioned. Despite the fact that the sample in this study included all employees at all organisational levels, there was a far higher proportion of non-management and specialised employees (74%) than supervisory and managerial employees (26%). Although these numbers are a near match to the roles-to-staff ratios that are prevalent in businesses, a more balanced sample with more members of the leadership team could result in a conclusion that is much more indicative of reality.

The sample is restricted to only one manufacturing company in South Africa, so it would be strongly recommended that data be gathered from various manufacturing companies in South Africa including both various manufacturing and service industries. Furthermore, this research was conducted in South Africa and the results cannot be generalised to other countries. Another limitation is related to the lack of knowledge of some of the general employees of KP Foods about strategic management tools and techniques. The employees at KP Foods might not have the necessary knowledge or experience in strategic management to answer the questions accurately.

#### **5.5. RECOMMENDATIONS FOR FUTURE RESEARCH**

Future studies are advised to investigate the application of additional strategic management tools and strategies as well as their effects on business performance. Examining further diverse management tools and strategies as well as organisational performance outcomes that may reveal additional intriguing relationships over a longer time period, may expand the field of future research. Secondly, future research may think about using a poll with a much more representative sample that is more evenly distributed and includes more members of the leadership team. It could also be considered to include numerous manufacturing companies in South Africa to retrieve a bigger sample size to

accurately make conclusions and suggestions on the specific strategic management tool usage in the industry. Additional research might look into variables including company performance, firm size, standardisation, length of planning, and environmental instability that could affect the adoption of strategic instruments. This would provide a clearer insight of the motivations behind managers' use of strategic tools.

## **5.6. CONCLUSION**

The purpose of this study was to research the strategic management tool usage of a manufacturing company in South Africa. Therefore, the main research question was identified as: "What are the use and perceived value of strategic management tools in a manufacturing company in South Africa?" From the results it became clear that KP Foods is using mission and vision statements as a strategic management tool, in combination with performance management. The value of strategic management was determined by investigating if employees understand the strategies that are implemented and if it is well communicated among staff members.

From the results it was concluded that many of the employees opine that the company's strategy is not well communicated among staff and that they might not understand the role they play in the strategy. However, employees did say that the management team of the company is clearly committed to implementing the strategy and they are continuing to monitor its progress. It was also found that the employees of KP Foods are under the impression that the company has a strategic planning department, a strategic planning process and a formal strategic management plan. This mainly indicates that the employees of KP Foods are aware of a strategy that is being implemented and that the management team is involved in the planning and execution of the strategy. In summary, the general employees are not completely sure what their role in the strategy execution is and how they contribute to the financial success of the company.

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## Appendix A. Questionnaire

### THE PERCEIVED QUALITY OF STRATEGIC MANAGEMENT 2021

*Dear Respondent*

*You are herewith invited to participate in an academic research study conducted by Unisa's Graduate School of Business Leadership (SBL).*

*The purpose of the study is to investigate the perceived quality of strategic management in organisations, and the purpose of the research is to help us better understand how to improve the practise of strategic management.*

*All your answers will be treated as confidential, and you or your organisation will not be identified in any of the research reports or publications emanating from this research.*

*Your participation in this study is very important to us. You may however choose not to participate, and you may also withdraw from the study at any time without any negative consequences.*

*Please answer the questions in the attached questionnaire as completely and honestly as possible. Completing the questionnaire should not take more than 20-25 minutes of your time.*

*The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of the findings on request.*

*Please contact the study leader, Prof Peet Venter ([ventep@unisa.ac.za](mailto:ventep@unisa.ac.za)) if you have any questions or comments regarding the study.*

*By clicking on the "submit" button below, you are consenting to participate in the study.*

**Identifier:** Please enter the code provided by the person that invited you to participate in the research. This code will only be used to ensure that team researchers get the correct data to work with.

## Section 1: Organisation and respondent particulars

1.1 Which of the following best describes the type of organisation that you work for?

A privately-owned enterprise	A public (listed) company	A state-owned enterprise (e.g. Telkom, SAA)	Public Entity
A national or provincial government organization	A local government	A not-for-profit organization	Government Business Enterprise (e.g. CSIR, Mintek)

1.2 How many full-time employees (approximately) work in your organisation?

Insert number
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1.3 What is the core business of your establishment?

Agriculture, fishing, forestry	Mining & quarrying	Manufacturing	Electricity, gas, and water supply	Construction
Wholesale and retail trade, restaurants, hotels	Transport, storage, and communication (includes telecommunication)	Finance, insurance, real estate and business services	Community, personal and social services (includes general government services)	Other (please specify): .....

1.4 In which country/ region is your organisation's head office located?

Select from drop-down list
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1.5 What best describes your position within your company?

Director	Senior manager or executive	Middle manager	Entry level manager (e.g. supervisor)	Professional specialist	Permanent employee	Other (please specify): .....
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1.6 Which of the following best describes the functional area that you work in?

Sales	Finance and accounting	Operations, engineering or technical	Marketing	ICT	General management	Other support services
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## Section 2: Quality of strategic management

**IMPORTANT: Strategic management involves the activities associated with developing and implementing long-term plans.**

Consider each of the following statements on **strategic management in your organisation** and indicate your agreement with each statement. Remember that this is about your own perceptions – there are no wrong answers.

	Strongly disagree 1	Disagree 2	Neither agree nor disagree 3	Agree 4	Strongly agree 5
2.1 Our organisation has clear long-term (3 years +) objectives.					
2.2 Our organisation has a clear vision for the future.					
2.3 Our strategic decisions are always in line with our vision for the future.					
2.4 Our strategic decisions create value for the owners/ shareholders of the organisation.					
2.5 We almost always achieve our long-term objectives.					
2.6 Our organisation is focused on a few key performance indicators to track our progress with implementation.					
2.7 The leadership of our organisation is visibly committed to successfully implementing our strategy.					
2.8 The culture in our organisation strongly supports our strategic direction.					
2.9 Our internal organisation structure supports our strategic direction.					
2.10 Our internal operating environment (processes and policies) support strategy implementation.					
2.11 We have the right technology in place to successfully implement our strategy.					
2.12 We have the right competencies in place to successfully implement our strategy.					
2.13 Strategy implementation is regarded as a very important function in our organisation.					
2.14 We have a clear long-term strategy.					
2.15 Our organisation's strategy is clearly understood by most people in the organisation.					
2.16 We are constantly measuring our progress with strategy implementation.					
2.17 Our strategies are acceptable to all key internal stakeholders.					
2.18 Our strategies are aligned well with our external environment.					
2.19 Our strategies make maximum use of what we do well as an organisation.					

2.20 We are not afraid of taking appropriate risks to grow our organisation.					
2.21 In our organisation, we manage risks well.					
2.22 We are quick to respond to important changes in our environment.					
2.23 Our strategic decisions ensure our organisation's sustainability for the future.					
2.24 The strategic decisions that we make are realistic and implementable.					
2.25 We have a good understanding of our key strengths and weaknesses.					
2.26 Several departments get together regularly to plan responses to changes taking place in our business environment.					
2.27 The activities of different divisions in this organisation are well coordinated.					
2.28 We are proactive in addressing anticipated changes in our business environment.					

**Section 3: The tools of strategic management**

Consider each of the following strategic management tools and indicate:

1. Whether your organisation make use of it (yes or no).
2. What value (in your view) it adds to your strategic management efforts (on a scale of 1 to 5, where 1 is "no value whatsoever" and 5 is "can't live without it")

<b>STRATEGIC MANAGEMENT TOOLS</b>	<b>Does your organisation use this tool? (Yes/no)</b>	<b>How valuable is it in supporting strategic management? (scale= 1 to 5)</b>
3.1 A strategic planning department		
3.2 A formal strategic planning process		
3.3 A formal strategic plan (in report or presentation form)		
3.4 Scenario planning		
3.5 A formal process for strategy implementation		
3.6 Balanced Scorecard		
3.7 A formal "implementation plan"		
3.8 Executive Information Systems` (EIS - e.g. performance dashboards for key performance metrics)		
3.9 Regular reviews of progress with implementation		
3.10 An organisation-wide performance management system		
3.11 Implementation incentives or rewards		
3.12 Stakeholder engagement during the strategic planning and implementation		



## Section 4: Personal particulars

6.1 How old will you be on your next birthday?

Insert number

6.2 What is your gender?

Female

Male

6.3 What is your highest formal qualification?

Did not complete high school

Completed high school (matric)

Post-matric degree or diploma

Post-graduate qualification

6.4 Which ethnic group do you belong to?

(this response will be used purely to determine the representativeness of the sample)

Asian/ Indian

Black

Coloured

White

***Thank you very much for your time. Should you wish to receive feedback on the results, please enter your e-mail address below.***

***Enter e-mail address***

# Annexure 1. Ethical Clearance Certificate

Graduate School of Business Leadership, University of South Africa, PO Box 392, Unisa, 0003, South Africa  
Cnr Janadri and Alexandra Avenues, Midrand, 1685, Tel: +27 11 652 0000, Fax: +27 11 652 0299  
E-mail: [sbl@unisa.ac.za](mailto:sbl@unisa.ac.za) Website: [www.unisa.ac.za/sbl](http://www.unisa.ac.za/sbl)

## SCHOOL OF BUSINESS LEADERSHIP RESEARCH ETHICS REVIEW COMMITTEE (GSBL CRERC)

17 August 2022

Ref #: 2022\_SBL\_MBA\_019\_FA  
Name of applicant: Ms M Strauss  
Student #: 14509822

Dear Ms Strauss

Decision: Ethics Approval

Student: Ms M Strauss ([14509822@mylife.unisa.ac.za](mailto:14509822@mylife.unisa.ac.za) , 072 507 0854)

Supervisor: Mr A Vermaak, ([andrepy@mweb.co.za](mailto:andrepy@mweb.co.za) , 083 308 0235)

Project Title: The use and perceived value of strategic management tools in a food manufacturing company in South Africa

Qualification: Master in Business Administration (MBA)

Expiry Date: December 2023

Thank you for applying for research ethics clearance, SBL Research Ethics Review Committee reviewed your application in compliance with the Unisa Policy on Research Ethics.

### Outcome of the SBL Research Committee: Approval is granted until December 2023

The application was reviewed in compliance with the Unisa Policy on Research Ethics by the SBL Research Ethics Review Committee on the 17/08/2022.

The proposed research may now commence with the proviso that:

- 1) The researcher will ensure that the research project adheres to the relevant guidelines set out in the Unisa Covid-19 position statement on research ethics attached
- 2) The researcher/s will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
- 3) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to the SBL Research Ethics Review Committee.
- 4) An amended application could be requested if there are substantial changes from the existing proposal, especially if those changes affect any of the study-related risks for the research participants.
- 5) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.

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BUSINESS LEADERSHIP  
UNISA

Graduate School of Business Leadership, University of South Africa, PO Box 392, Unisa, 0003, South Africa  
Cnr Janadri and Alexandra Avenues, Midrand, 1685, Tel: +27 11 652 0000, Fax: +27 11 652 0299  
E-mail: [sbl@unisa.ac.za](mailto:sbl@unisa.ac.za) Website: [www.unisa.ac.za/sbl](http://www.unisa.ac.za/sbl)

Kind regards,

Prof N Mltwa

Chairperson: SBL Research Ethics Committee

011 - 652 0381/ [wiltonb@unisa.ac.za](mailto:wiltonb@unisa.ac.za)

Prof P Msweli

Executive Dean: Graduate School of Business Leadership

011- 652 0256/[mawelp@unisa.ac.za](mailto:mawelp@unisa.ac.za)

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**Annexure 2. Consent letter to submit**

**MBLREP / MBL5913 / MBA5929**

**CONSENT TO SUBMIT RESEARCH REPORT FOR EXAMINATION 2022**

Consent is hereby given to:

Student name: Minette Strauss

Student number: 14509822 to submit her research report in its final form.

Supervisor Signature

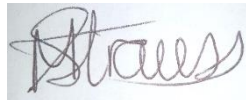


Date: 23 November 2022

Supervisor Name: Andre Vermaak

The student acknowledges that sufficient feedback was provided by the supervisor and that she took the responsibility to attend to the feedback in a way that satisfies the requirements for a research dissertation on the MBA and MBL level.

Student signature



Date: 2022/11/30

### Annexure 3. Language editing certificate

## EDITING CERTIFICATE

This certificate confirms that the manuscript listed below has been professionally proof read for grammar, spelling, phrasing, punctuation and sentence structure; as well as contributions to intent of meaning. No alterations were made to intrinsic content. The acceptance of proposed edits was at all times under the control of the author. A copy of the document with editing mark-ups can be made available to the institution on request, with the written permission of the author.

The author has been supplied with both PDF and Word files. No responsibility is taken by the Editor for insertions, deletions or amendments made after receipt by the author.

**Manuscript title:** The Use and Perceived Value of Strategic Management Tools in a Food Manufacturing Company in South Africa.

**Author:** Minette Strauss

**Date of issue:** 18 November 2022



**SIGNATURE**

Karin Petersen  
B. Journ & Comm  
MEMBER OF SAFREA  
SACE-REGISTERED

[www.https://squarecloudkp.wixsite.com/karinpetersen](https://squarecloudkp.wixsite.com/karinpetersen)