

STRATEGIC MANAGEMENT PRACTICES IN THE TYRE INDUSTRY IN KENYA

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DECLARATION

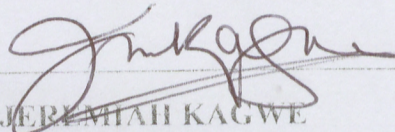
This project is my original work and has not been presented for a degree in any other university.

 15/4/08

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This project has been submitted for examination with my approval as a university supervisor.

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DEDICATION

I would like to acknowledge the support of my supervisor, Dr. Benjamin Kagwe for his guidance, insightful comments, suggestions and corrections.

My sincere gratitude goes to the management of my institution for the sponsorship for the programme and also for allowing the research to be carried out. The assistance accorded by the management of the institution is highly appreciated.

To My wife Evelyn Bosibori Nyankabaria

And

My Children Nyaboke, Kyle and Krista

Finally, my deepest appreciation goes to my wife Evelyn Nyankabaria for the patience, support and encouragement and my late father, Samuel Nyankabaria and mother Florence Nyaboke.

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ABSTRACT

The objective of the study was to establish the strategic management practices within the tyre industry in Kenya. The study employed a descriptive survey design. Data analysis method used was qualitative. The structured questionnaires were coded with respect to questions for ease of electronic data processing after the conclusion of the fieldwork. The data collected was analyzed using Statistical Package for Social Sciences (SPSS). This involved the use of frequency tables, percentages, means scores and standard deviation, rank ordering. The results were then discussed and inferences drawn from the sample and generalized to the population. 32 tyre dealers responded positively making a 65% response rate.

The operating environment in the Kenya tyre dealership industry for the past five years was described as relatively stable. All the firms in tyre dealership business covered in the survey have business plans geared towards adapting to the changes in the market. The levels of strategic management practices application are partial. Introduction of new services into the market, training programs or the amount of money spent on these and promotional campaigns have major impacts on the firms covered. The mission of the firms covered is considered very important. The firms covered periodically reviewed their strategic plans. The most significant involvement in preparation of vision and mission came from the top management and board of directors who prepare and update a list of the key strategic issues for each year. Liquidity and profitability were the most dominant evaluation mechanisms.

All the firms covered in the survey are continuously preoccupied throughout the financial year with checking urgent and critical issues which affect their daily operations. This is achieved through the empowerment of their employees through involvement in identifying solutions and through training. Most of the companies covered in the survey admitted to having a documented process for handling strategic issues. The responsibility of identification and implementation of strategic management choices lies on the chief executive officers and the general managers. Tyre dealership firms usually tracked their strategies in order to identify any flaws. This was through market dynamics and customer insight. Most of the companies covered take corrective action to combat flaws in their strategic choices while few re-train their staff to ensure adherence to the strategic choices.

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CHAPTER ONE: INTRODUCTION

1.1 Background

The speed of social economic change is accelerating and increasing the risk of doing business. Competition has become stiffer and Industries are becoming more concentrated. The tyre industry has not been spared from the dynamism of the environment and has actually been caught at the center. Frankel (1987) notes that tyre industry is in the midst of major structural and operational change. According to Ansoff and McDonnell (1990) it is through strategic management a firm will be able to relate itself to the environment to ensure its success and also secure itself from surprises brought about by changing environment. In spite of the relevance of strategic management in managing firm's relationships with its environment in regard to development which have significant impact on performance; there has been no single university accepted definition of strategic management. In fact there is a lot of debate on how strategy develops and how it is implemented (Hax and Majluf, 1988).

According to Ansoff and McDonnell (1990) strategic management is a systematic approach for managing strategic change which consists of three steps: a) Positioning the firm through strategy and capability planning, b) Real time strategic response through issue management, and c) Systematic management of resistance during strategic implementation. Chee and Harris, (1998) argues that planning has been the most important aspect of most management definitions of strategy. Hill and Jones (1992) outline this approach as organization choosing its goals, identifying the strategies opens to it, choosing the most appropriate and then allocating resources to its pursuit. The definition of strategic management as a conscious, planned effort has come under increasing criticisms. Mintzberg (1995) points out that it cannot be assumed that organizations strategy is always the outcome of external planning, because strategies can emerge without any spur from a formal planning process. From this point of view strategy is about what a company actually rather than merely what it intends to do.

Burnes (1996) argues that both views of strategy, that is, planned and emergent, provide insight and classifications of what is a challenging problem, namely how to formulate strategic plans

and responses that will work and therefore following any of the two approaches does not invalidate the benefits to be obtained from the other. Formulation of strategies alone will not bring success to an organization if these strategies are not carefully implemented. Kang'oro (1998) noted that although public sector in Kenya engaged in strategic management to varying degrees there was poor implementation. This has affected the quality of their services to the citizens. According to Johnson and Scholes (1999) strategy implementation is concerned with the translation of strategy into organizational action through organizational structure and design, resource planning and the management of strategic change.

Ansoff and MacDonnell (1990) assert that the study of strategic management emerged in the late 1950s and early 1960s, when firms invented a systematic approach to deciding "where and how the firm will do its future business". It was generally recognized that strategic management consisted of a critical dimension referred to as strategic formulation and a process by which managers would jointly formulate strategy being referred to as strategic planning. Because of its multi-faceted and complex nature, strategic management practice, (particularly in areas of technology) requires two-way feedback between resources and product/ service- market. Ansoff and MacDonnell (1990) elaborate that strategic management practice involves broad processes of identification of strategic resource area, strategic influence groups and availability of strategic information.

1.1.1 Tyre Industry in Kenya

According to Lewa and Munene, (2005) the industry has been dominated by the Kenya's sole tyre manufacturing firm, Firestone East Africa (1969) Ltd, (now Sameer Africa-with its flagship brand Yana) which has long since become little more than a memory somewhat following the flooding of the local market by an estimated Sh6 billion worth of imports. The competition within the environment has not only ended the giant firm's local domination, but sent its profits sliding to an all-time low. The firm's main competitors include French giant, Michellin Tyres and Italy's Pirelli Tyres, both of whom have made significant inroads and stabilized prices. Pirelli is locally represented by Nyanza Petroleum Dealers Ltd(who have just changed their name to Auto Express),who also deal in Firestone tyres (now Yana) and is importers of Alliance tyres for agriculture machinery and earth-moving equipment.

There is also importation of Chinese brands that adorn the market with its various sub brands. Then there is Tanzania's General Tyres, a subsidiary of Continental Company of Germany, which since 1994 has marketed its products locally through Highlife Tyres and Services of Nakuru though General Tyre is not active at the moment. Apart from the new radial tyres, also in the market are large quantities of imported second-hand products. According to the table below the tyre industry has experience some drastic changes in its operations in Kenya with the introduction of the Yana brands from Sameer Africa (Lewa and Munene, 2005).

| Brand | 2001 | 2002 | 2003 |
|----------------|-------|-------|-------|
| MICHELIN | 3.0% | 4.5% | 3.0% |
| SIAM | 0.7% | 0.1% | 0.0% |
| CHINESE | | 0.0% | 0.0% |
| KUMHO/SANSEUNG | 3.3% | 4.0% | 2.8% |
| UNION | 3.4% | 2.9% | 3.4% |
| JK | | 0.0% | 0.0% |
| CEAT | 1.0% | 1.2% | 0.5% |
| YOKOHAMA | 2.7% | 4.3% | 3.5% |
| PIRELLI | | 0.0% | 0.0% |
| APOLLO | | 2.4% | 3.4% |
| MRF | 0.1% | 0.4% | 0.1% |
| HANKOOK | 2.8% | 1.9% | 0.4% |
| SUMITOMO | | | 0.4% |
| OTANI | | | 0.0% |
| MEGA | 0.0% | 0.1% | 0.0% |
| STOMIL | | | 0.0% |
| OTHERS/CHINESE | 13.2% | 10.0% | 10.0% |

Source: Sameer Africa (2007), Marketed Tyres Survey Report Pg 45

Lewa and Munene (2005) asserts that the private multinationals appear to have entered the virtual monopoly Firestone owned being disintegration in 1993. Besides new tyres, there are also low-quality second-hand ones which are prevalent on the country's rough roads. Used tyres are dumped into the African market often exceeding the legal use limit in European and other

Table 1: Kenya Mounted Tire Count Surveys Trends for 2005-2007

| Brand | 2005 | 2006 | 2007 |
|----------------|-------|-------|-------|
| FIRESTONE | 55.0% | 40.7% | 13.1% |
| YANA | | 8.2% | 26.3% |
| GOODYEAR | 5.8% | 5.2% | 6.0% |
| BRIDGESTONE | 5.1% | 6.4% | 6.4% |
| PIRELLI | 4.8% | 5.5% | 5.8% |
| MICHELIN | 3.1% | 4.5% | 3.0% |
| SIAM | 0.7% | 0.1% | 0.0% |
| CHINESE | | 0.0% | 0.0% |
| KUMHO/MARSHALS | 3.0% | 4.0% | 2.8% |
| DUNLOP | 3.9% | 2.9% | 3.4% |
| JK | | 0.0% | 0.0% |
| CEAT | 0.8% | 1.2% | 0.5% |
| YOKOHAMA | 2.7% | 4.2% | 3.5% |
| BF GOODRICH | | 0.0% | 0.0% |
| APOLLO | | 2.4% | 3.4% |
| MRF | 0.1% | 0.4% | 0.1% |
| HANKOOK | 0.9% | 1.0% | 0.6% |
| SUMITOMO | | . | 0.1% |
| OTANI | | . | 0.0% |
| MEGA | 0.6% | 0.1% | 0.0% |
| STOMIL | | . | 0.0% |
| OTHERS/CHINESE | 13.5% | 13.2% | 25.0% |

Source: Sameer Africa (2007), Mounted Tyres Survey Report Pg 45

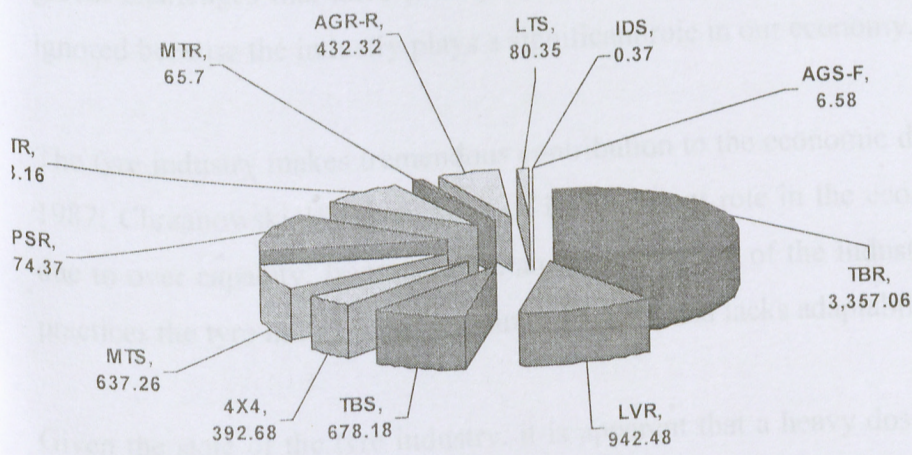
Lewa and Munene, (2005) asserts that the private multinationals appear to have ended the virtual monopoly Firestone enjoyed before deregulation in 1993. Besides new tyres, there are also low-quality second-hand ones which soon wear out on the country's rough roads. Used tyres are dumped into the African market after exceeding the legal use limit in European and other

developed countries. The thread of the tyres is so shallow that it makes nonsense of the cheap prices, and they also have a poor surface grip.

According to Lewa and Munene, (2005) the environment in which tyre industries exist and with which they interact is increasing in complexity and the rate of change is accelerating as shown in the figure 1 below. There is increasing pressure to perform from the firms. With this pressure, managers must have capacity to adopt and restructure the organization to challenge constraints.

One of the environmental threats to a business arises from competition. In the tyre industry increased competition threatens the attractiveness of an industry and reducing its profitability. It exerts pressure on firms to be proactive and to formulate successful strategies that facilitate proactive response to anticipated and actual changes in the competitive environment. Competition in most global product markets is intense. Product type competition has become intense, so has brand competition. Substitute competition has also become an increasingly bitter battleground, with products being able to replace others as technology and tastes changes. In the tyre industry Sameer Africa has an advantage in formulation of strategies which appears to be the strongest weapon they have at the moment. This has helped the firm to thrive in the tough competitive markets and manage to grab a substantial market share. Differentiation strategy is especially very crucial for the firm since varying the quality of their products will determine the rate of customers from other brand to their products.

Figure: Total Kenyan tyre market share in Ksh. Million



Key

PSR: Passenger tyres

LVR: Light van radial tyres

4*4: 4*4 tyres

TBR: Truck Bus Radial tyres

AGR: Agricultural Rear Tyres

LTR: Light truck nylon tyres

MTR: Medium Truck Radial tyre

TBS: Truck Bus Nylon tyres

OTR: Off the Road tyre

IDS: Industrial Tyres

Source: Sameer Africa (2007), Mounted Tyres Survey Report 67

The tyre industry is dominated by many players with each trying to come up with different ways of appealing to the motorist. Competition has brought in entry of specific niche positioning like tyres for on-off road conditions on road applications, steer position tyres, drive position and even tyres for trailers position all in trying to make players relevant in the market.

1.2 Statement of the Problem

Strategic management practice relates the firm to environment to ensure its success (Ansoff and McDonnell, 1990). The competitive environment within which the tyre industry operates has been very volatile. The political anxiety, competition from tyres from China, unfavorable weather (different

weather conditions require suitable tyres), social reforms, technological advancement, are some of the global challenges that have greatly affected the growth of this industry. These challenges cannot be ignored because the industry plays a significant role in our economy.

The tyre industry makes tremendous contribution to the economic development of a country (Frankel, 1987; Chrzanowski 1987). In spite of its important role in the economy, transportation is in turmoil due to over capacity, fragmentation and politicization of the industry. As a result of these restrictive practices the tyre industry has remained stagnant and lacks adaptability (Frankel, 1987).

Given the state of the tyre industry, it is apparent that a heavy dose of strategic management is needed. A few studies have been carried out in Kenya to document strategic management practices in the following sectors: manufacturing (Aosa, 1992), Retailing (Karemu, 1993), Public sector (Kan'goro, 1998) and not for profit organizations (Kiruthi, 2001).

The tyre sector is a unique industry and therefore, understanding of strategic issues gained from studies conducted on other sectors of Kenyan economy may not be assumed to explain strategic management practices in the sector, unless an empirical study suggests so. These unique characteristics include among others: government regulation and protection, overcapacity, variability of ownership and interfacing of tyre operations. This study will therefore focus on strategic management practices of the tyre sector in Kenya. Based on this evaluation, there is a gap in literature to warrant a research to be conducted in this industry. The research intends to answer the question what are the strategic management practices within the tyre industry in Kenya.

1.3 Objective of the study

The objective of the study is to establish the strategic management practices within the tyre industry in Kenya.

1.4 Importance of the study

This study will thus provide insight into strategy practices of the tyre industry in Kenya hence contributing to the frontiers of knowledge. In the development of government policy papers, the

role of the tyre sector greatly needs the effective participation of the firms. The policy makers will be able to know how well to incorporate the sector and how effectively to ensure its full participation. Scholars will use the study for reference and further empirical research on strategy practices in Kenya. Further investors in the tyre industry will use the findings to assess performance of the tyre industry.

Even studies conducted in other nations have been based primarily on American theories of strategic management (Hoffman and Hegarty, 1989). Therefore, though our knowledge of strategic management has increased greatly of late, most of it accumulated in the developed country context. Little is known about strategic management practices in developing countries (Ajuch and Oluoch, 1988) but a study undertaken by Wajane (2008) indicates that flower firms in Kenya have adopted various methods or approaches strategic management practices in their firm to respond to the environmental needs of their sector which is widely controlled by the western world. In industrialized countries, literature on the theory and practice of strategic management in indigenous or local developing countries is limited, particularly for the indigenous organizations in both the public and private corporations (Kigundu, 1989).

2.2 Strategic Management

Porter and Robinson (1997) define strategic management as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. According to Ansoff and McDonnell (1996) strategic management is a systematic approach of managing strategic change which consists of positioning of the firm through strategy and complex planning, on-time strategic response through issue management and systematic management of risk-spaces during strategic implementation. Johnson and Scholes (1999) look at strategic analysis, which includes strategic analysis, strategic choice and strategy implementation.

Strategic analysis is concerned with understanding the strategic position of the organization in its environment. It involves understanding the organization's current position and its competitive environment, internal resources and competences, and expectations and influence of stakeholders. Strategic choice involves understanding the underlying basis guiding future strategy, identifying strategic options for evaluation and selecting them among them. Strategic implementation is concerned with translation of strategy into organizational action.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Much of what is known about strategic management is based on studies of organizations primarily located in the United States. Even studies conducted in other nations have been based primarily on American theories of strategic management (Hoffman and Hegarty, 1989). Therefore, though our knowledge of strategic management has increased greatly of late, most of it accumulated in the developed country context. Little is known about strategic management practices in developing countries (Jauch and Glueck, 1988) but a study undertaken by Wahome (2003) indicates that flower firms in Kenya have adopted various methods of applying strategic management practices in their firm to respond to the environmental needs of their sector which is widely controlled by the western world. In industrialized countries, literature on the theory and practice of strategic management in organizations in developing countries is limited, particularly for the indigenous organizations in both the public and private corporations (Kiggundu, 1989).

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Strategic analysis is concerned with understanding the strategic position of the organization in terms of its external environment, internal resources and competences, and expectations and influence of stakeholders. Strategic choice involves understanding the underlying basis guiding future strategy, generating strategic options for evaluation and selecting from among them. Strategic implementation is concerned with translation of strategy into organizational action

through organizational structure and design, resource planning and management of strategic change (Pearce and Robinson, 1997).

According to Bracker (1980) strategy comes from the Greek word "Stratego", meaning to plan the destruction of ones enemies through effective use of resources. The early Greek civilization developed the concept to be used purely in pursuit of military victory in war. It remained so until 19th century when it began to be applied in the business world.

Formal strategic management seems to have its beginnings in the 1950s in the USA. Early writers who addressed this issue include Drucker (1954), Ansoff (1979) and Andrew (1971). From the late 1960s surveys carried out showed corporate planning was practiced in USA and abroad, however not all companies did so (Aosa, 1992).

2.3 Strategic Management Practices

Butcher and Mainelli, (1990) document five forms of strategic management; minimal, budgetary, annual, developmental and complete. Companies with minimal strategic management often provide this through informal meetings or brainstorming sessions. Minimal strategic management relies upon individual's ability to pursue long term goals and visions. The incorporation of a rudimentary budgetary procedure is the first sign that an organization truly understands where it is now.

The introduction of an annual plan is often of a step towards complete strategic management. The annual plan is more than the sum of the budgets. It is synergistic. Developmental strategic management comes about when the organization (typically due to outside pressures) finds itself making long term plans for projects that are designed to enhance its competitive position. Development requires an assessment of current position, identification of the long-term positioning and strong project management to turn plans into actions. There is no single correct way to achieve complete strategic management in every organization. However some of the characteristics of complete strategic management include:

- a) Intensive development of integrated strategies at various levels within the organization.

b) The ability to take a long time view appropriate to the organization, possibly three to ten years.

c) Documentation of the strategy

d) Appropriate communication throughout the organization (Karemu, 1993).

Johnson and Scholes (1999) look at strategic management practices in terms of strategy development. Strategies develop as a result of managerial intent, outcome of cultural and political processes and still strategy could be imposed from outside the organization.

Strategy which comes as a result of managerial intent can be explained in three views, that is, planning view, command view and logical incrementalism. Strategic planning is a sequence of analytical and evaluating procedures to formulate an intended strategy and means of implementing it. Planning could be formalized or informal. A command view is where strategy develops through the direction of an individual or a group for instance where a dominant leader has become personally associated with strategy development of the organization. Logical instrumentalism is the deliberate development of strategy by Learning through doing.

Under cultural view strategies are the outcome of taken-for-granted assumptions and routines of organizations. Under political view strategies develop as the outcome of internal or external interests groups. An enforced choice is the imposition of strategy by agencies or forces external to the organization. For example a government may dictate a particular course or direction.

Where deliberate efforts are made to formulate strategy, certain activities need to be undertaken by the organization. These activities are important components in the strategy making process.

These include:

a) Mission statement and objectives

b) Strategic analysis

c) Strategic choice

d) Strategy implementation

e) Evaluation and control (Pierce and Robinson, 1997; Johnson and Scholes, 1999)

2.3.1 Mission statement and objectives

Many organizations define the reason for their existence in terms of their mission statement. A mission statement defines the basic reason for the existence of an organization and helps legitimize its functions in the society. It clarifies the nature of the existing products, markets and functions the firm presently provides (Jauch and Glueck, 1988).

A good mission statement focuses around customer needs and utilizes. Strategy will only make sense if the markets to which it relates are known. Defining the company's markets is the starting point of the strategy making process (Karemu, 1993). Objectives are ends which the organization seeks to achieve through its existence and operations (Jauch and Glueck, 1998). Business organizations pursue a variety of objectives, some are long-term and others are short term in nature.

2.3.2 Strategic Analysis

Strategic analysis is concerned with understanding the strategic position of the organization in terms of its external environment, internal resources and competences and the expectations and influence of stakeholders (Johnson and Scholes, 1999).

External environment analysis includes monitoring environmental sector like political, legal, social-cultural economic and technological advancements to determine opportunities for the threats to the firm. It also entails analysis of the industry, competition and market.

External environmental analysis is necessary because environmental factors are prime influences of strategy change. The analysis gives strategists time to anticipate opportunities and plan to take optional responses to them. It also entails analysis of the industry, competition and market. The analysis helps strategists to develop and early warning of any negative deviations. This helps to prevent threats or develop strategies which can turn a threat to the firm's advantage. If a firm ceases to adjust its strategy to the environment, the result is lessened achievement of corporate objectives. However, attention should be given to those environment sectors which are relevant to firms operations (Jauch and Glueck, 1998; Thomson, 1990; Hax and Majluf, 1991).

There is need to understand the nature of the industry in which an enterprise is operating. It is therefore necessary to carry out an industry analysis to establish its structure and trends. These in turn help to indicate the current and future attractiveness of that industry. This helps a company to position itself in the industry (Porter, 1980).

One of the functions of strategy is to help an enterprise develop a competitive edge in its markets (Porter, 1980,). An enterprise must know and understand its competitors because it s amongst such competitors that is trying to succeed. There are five major factors which must be examined with regard to competition. These include; entry and exit of major competitors, substitutes and complements for current products and services, major strategic changes by current competitors, bargaining power of suppliers and, bargaining power of customers.

These factors are crucial because they determine whether a firm will remain in its current in its current business and what strategies it will follow in pursuing its business (Porter, 1980).

Strategy only makes sense if the markets it relates to are known. Effective strategies are concerned with who their customers will be and trends in the future which may lead to changes in customer buying patterns (Jauch and Glueck 1988).

Internal resource profile and competences of an entity highlights what it can do and what it cannot do and in turn helps in developing strategy for the entity (Ansoff, 1965; Porter, 1980; Hax and Majuluf, 1991). Internal analysis examines firm's functional areas to determine where the firm has significant strengths and weaknesses. The strengths which are unique to the organization constitute distinctive competences. Internal diagnosis also involves estimating scenarios of likely future conditions to reflect dynamic realities; such as how long a strength will remain if it is relied on or misused. The diagnosis of the most important factors for an organization may be summarized into what is called "strategic advantage profile" (SAP). The SAP is a tool for making a systematic evaluation of the enterprises internal factors which are significant for the company in its environment (Karemu, 1993).

2.3.3 Strategic choice

Strategic choice involves understanding the underlying bases guiding future strategy, generating strategic options for evaluation and selecting from among them (Johnson and Scholes, 1999). The decision involves focusing on a few alternatives, considering the selection factors, evaluating the alternatives against criteria and making the actual choice.

In choosing strategies, strategists ask themselves the following crucial questions:

Firstly, what are our objectives?

Secondly, are they being met by our strategy and the business definition we have chosen?

Thirdly, will they be met in the future?

The issue here is the examination of the gap between the expected and the ideal outcome vis-à-vis the alternatives being considered. The size of the gap, its nature and whether or not it can be reduced will strongly influence the choice of some alternative over others.

Certain managerial selection factors such as attitudes towards risk; perception of external dependence, currency of past enterprise strategies power relationships and time influence strategic choices (Karemu, 1993).

2.3.4 Strategy Implementation

Strategy implementation involves translating strategic thought into organization action. Managers successfully make this shift when they do four things; Identify short term objectives; initiate specific functional tactics; communicate policies that empower people in the organization; Design effective rewards (Pierce and Robinson, 2003).

Pearce and Robinson (2005) observe that strategic implementation is apart of strategic management denoting a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objectives. Strategy comprises three stages. Identification of measurable and mutually determined annual objectives, development of specific functional strategies, and development and communication of concise policies to guide decisions. According to Thompson et al (2007) strategy implementations is primarily an operations driven activity revolving around the management of people and business

process. Successful strategy execution depends on doing a good job of working with and through others. Building and strengthening competitive capabilities, motivating and rewarding people in a strategy supportive manner and instilling a discipline of getting things done are other requirements. Porter (1996) has argued that the manager's roles are to create fit among a company's activities and to integrate them so that the company does many things well. This requires trade offs in competing activities in order to achieve a sustained advantage, so that managers have to decide what not to do as well as what to do.

Strategies need to be implemented once developed otherwise they are valueless unless effectively translated into action, (Aosa, 1992). To be implemented effectively strategies must be institutionalized and permeate the very day to day life of the company (Pearce and Robinson, 2005). Thompson et al (2007) argue that the place for managers to start in implementing a new strategy is with a probing assessment of what the organization must do differently and better to carry out the strategy successfully. They should then consider precisely how to make the necessary internal changes as rapidly as possible. The process of handling of implementation can be considered strategic performance and shows good progress in making its strategic vision a reality. Shortfall in performance signal weak strategy, weak execution or both.

Ansoff and McDonnell (1990) state that implementation of strategy does not automatically follow strategy of formulation. It exhibits its own resistance which can frustrate the planning efforts. Also in implementing strategy, managers must not lose sight of their multiple stakeholders and their needs. Business are increasingly recognizing that unless they nurture stakeholders- customers , employees, suppliers, distributors the business may never earn sufficient profits for the stakeholders. A company can aim to deliver satisfaction levels above the minimum for different stakeholders, in setting these levels a company must be careful not to violate the various stakeholders' group sense of fairness about the relative treatment they are receiving (Kaplan and Norton, 1996). While Nohria et al (2003) observe that superior performance overtime depends on flawless execution, a company culture based on aiming high, a structure that is flexible and responsive and a strategy that is clear and focused.

Pierce and Robinson (2003) further contend that in implementing strategy three aspects of the organization need to be considered. These are structure, leadership and culture. The structure will provide the basic way the firm's different activities are organized while leadership will encompass the need to establish direction, embrace change and build a team to execute the strategy. Culture creates the norms of individual behaviour and the tone of the organization.

Although effective implementation of strategy is important it is not easy. Many well formulated and appropriate strategies can fail when attempts to implement them is made (Bonama, 1984). Alexander (1985) argued that successful implementation in part involves preventing implementation problems from occurring. This entails paying attention to implementation problems when strategies are being developed.

There is need to understand the linkage between strategy development and implementation. Strategy development does not end when implementation starts. Similarly implementation issues are not postponed until strategy has been fully specified. The two processes are interrelated and overlap (Hobbs and Heiny, 1977). If managers do not recognize such relationships strategies re likely to be developed that will be difficult to implement (Aosa, 1992). Bonoma (1984) argues that we need good strategies and appropriate implementation processes to produce intended results.

2.3.5 Strategic Control

Strategic control is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises and making necessary adjustments. It is concerned with guiding action on behalf of the strategy as the action is taking place and when the end result is till several years off (Pierce and Robinson, 2003). If a strategy turns out to be uncompromising it can be revised or abandoned before major financial and psychological commitments have been made (Ansoff and McDonnel, 1990).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research design

The study employed a descriptive survey design. Mugenda and Mugenda (1999) define descriptive research as a process of collecting data in order to answer questions regarding the current status of the subjects in the study. Descriptive research determines and reports the way things are. Mugenda and Mugenda also define a survey as an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. Thus the descriptive survey is appropriate as it seeks to ascertain the strategic management practices in the tyre industry in Kenya.

3.2 Population

The study covered 49 tyre dealers who control 75% of the market (Sameer Africa 2007). A list of those 49 tyre dealers is attached at appendix 2.

3.3 Data Collection

In order to comprehensively study the strategic management practice in tyre industry, primary data was collected.

The data was collected using questionnaires (copy attached as appendix 1). These questionnaires consisted mainly of closed ended questions and open ended questions.

The questionnaire consisted of sections A: Company data, B: The environment, C: Mission, Vision & Objectives D: Strategic Choice E: Evaluation F: Implementation G: Strategic Control. Some of the questions were developed from literature review, while other questions were adopted from similar empirical studies carried out in Kenya by Aosa (1992), Karemu (1993), Kang'oro (1998) and Kiruthi (2001).

The respondents were the CEOs or any other persons who would be recommended by them. The CEOs or top management were the most appropriate because the questions referred to strategic issues.

This research adopted the drop and pick later approach and where possible the researcher discussed the contents of the questionnaire with the respondents and left them to fill the other sections at their own leisure.

3.4 Data Analysis

Data analysis method used was qualitative. The structured questionnaires were coded with respect to questions for ease of electronic data processing after the conclusion of the fieldwork. The data collected was analyzed using Statistical Package for Social Sciences (SPSS). This involved the use of frequency tables, percentages, means scores and standard deviation, rank ordering.

Section A was analysed using frequency and percentage tables. Sections B to G were analysed using means and standard deviation ranking order where applicable. Results of the analysis were presented in tables, bar and pie charts with short descriptions. The results were then discussed and inferences drawn from the sample and generalized to the population.

CHAPTER FOUR: RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the findings of the study based on data collected from the field. The objective of the study was to establish the strategic management practices within the tyres industry in Kenya. The target population of the study was the tyres dealers in Kenya but covered the 49 tyres dealers who control over 75% of the market (Sameer Africa 2007). The survey therefore covered the listed firms in appendix 2. Data analysis method used was qualitative. The structured questionnaires were coded with respect to questions for ease of electronic data processing after the conclusion of the fieldwork. The data collected was analyzed using Statistical Package for Social Sciences (SPSS). This involved the use of frequency tables, percentages, means scores and standard deviation, rank ordering. Section A was analysed using frequency and percentage tables. Sections B to G were analysed using means and standard deviation ranking order where applicable. Results of the analysis were presented in tables, bar and pie charts with short descriptions. The results were then discussed and inferences drawn from the sample and generalized to the population.

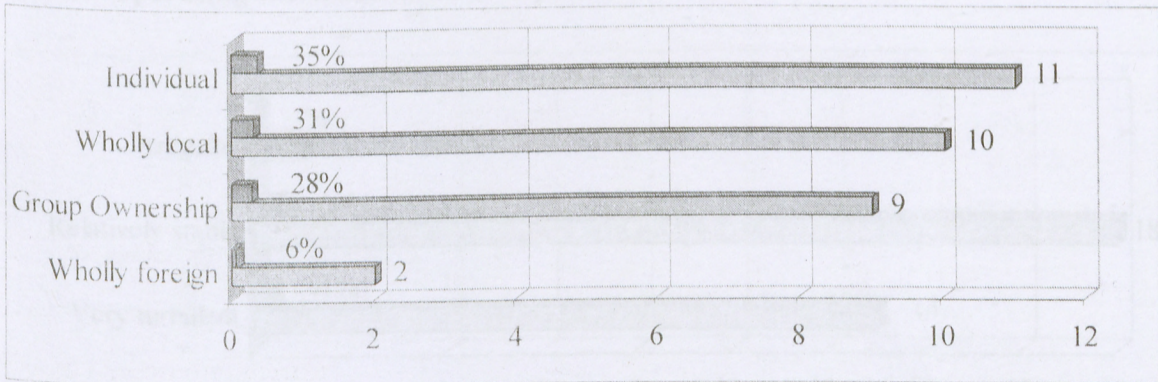
4.2 General information

The survey targeted population of forty nine tyre dealers. Thirty two tyre dealers responded positively making a 65% response rate.

This study sought to identify the strategies adopted by the tyres dealers in the light of a rapidly changing, volatile and highly competitive environment.

4.2.1 Firm ownership

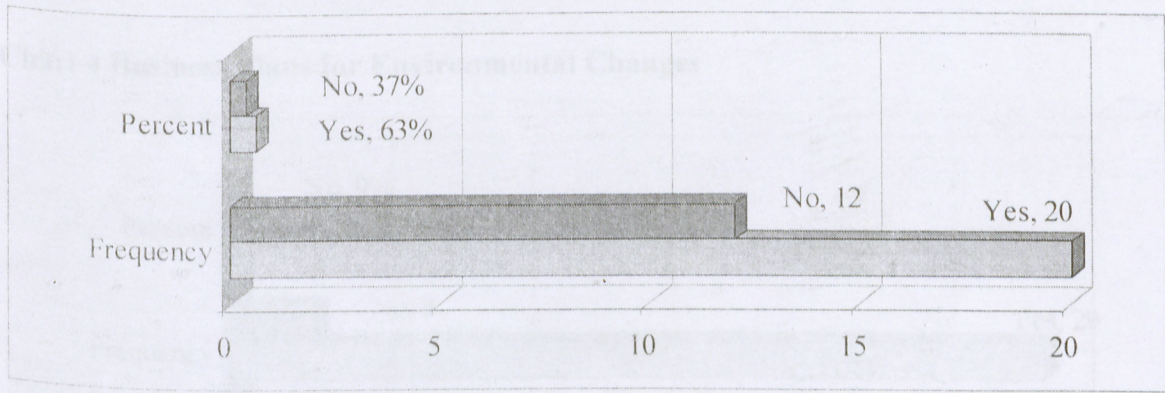
Chart 1 Firm ownership



According to the results of the survey, most of the tyres dealership firms covered were owned by individuals (35%), 31% were wholly local, 28% were owned by groups while foreign owned dealerships formed 6% of all the companies covered in the survey.

4.2.2 Branches and associated companies

Chart 2 Firms with branches and associated companies

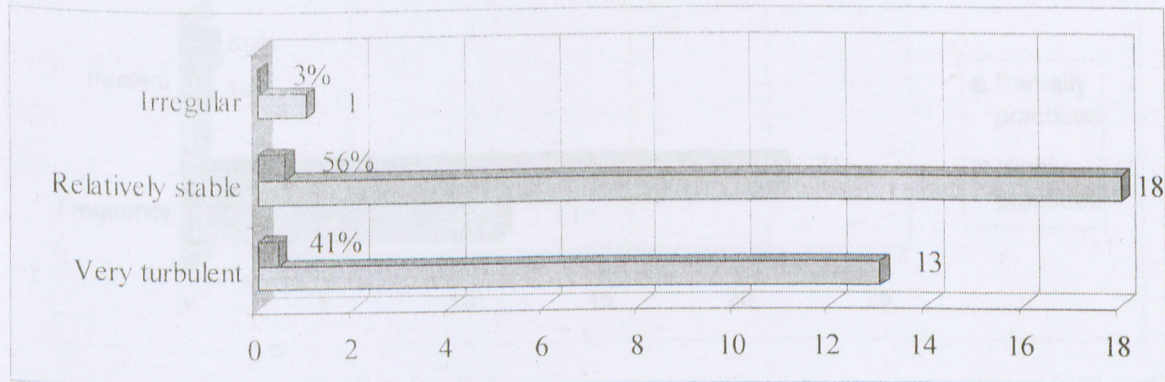


63% of the companies covered in the survey operated branches and associated companies while 37% did not.

4.3 Operating Environment

4.3.1 Five Year Operating Environment Climate

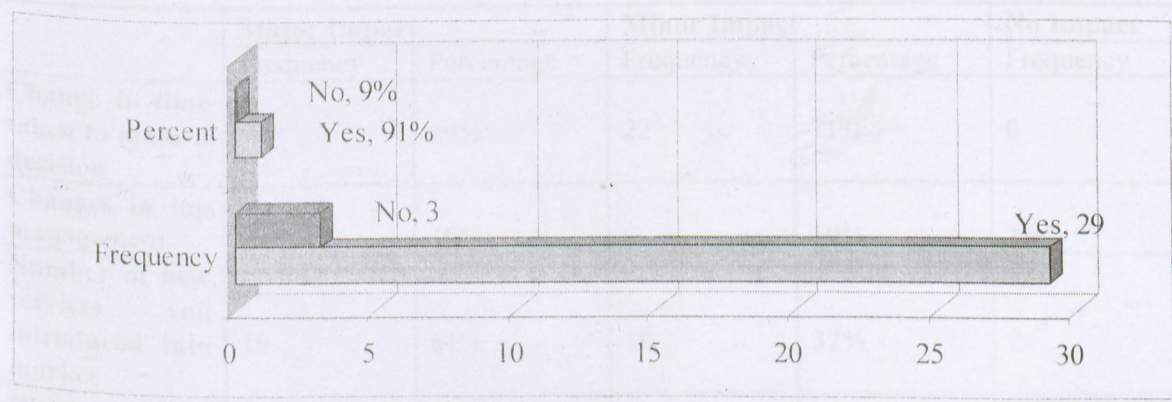
Chart 3 Operating Environment Description



The operating environment for the past five years was described as relatively stable by 56% of the companies covered while 41% described it as very turbulent. 3% described it as irregular.

4.3.2 Business Plans

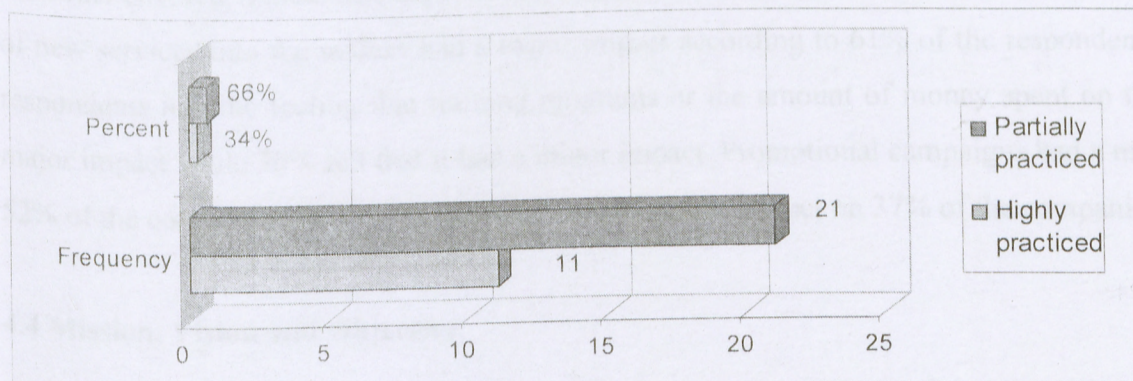
Chart 4 Business Plans for Environmental Changes



29 out of the 32 companies captured in the survey i.e. 91% admitted that they had business plans geared towards adapting to the changes in the operating environment while 9% did not have any plans.

4.3.3 Strategic Management Practices Rating

Chart 5 Levels of Strategic Management Practices



According to the results of the survey, 66% of the respondents covered rated the levels of strategic management practices as partially applied while 34% rated them as highly applied.

4.3.4 Impact of Changes on Companies

Table 1 Impact of Changes on Companies

| | Major Impact | | Minor Impact | | No Impact | |
|---|--------------|------------|--------------|------------|-----------|------------|
| | Frequency | Percentage | Frequency | Percentage | Frequency | Percentage |
| Change in time taken to make a decision | 9 | 29% | 22 | 71% | 0 | 0% |
| Changes in top management | 6 | 19% | 6 | 19% | 19 | 62% |
| Number of new services you introduced into market | 19 | 61% | 10 | 32% | 2 | 7% |
| Number of your training programs | 15 | 50% | 9 | 30% | 6 | 20% |
| Number of promotional campaigns | 14 | 52% | 10 | 37% | 3 | 11% |
| Restructuring and reengineering | 9 | 30% | 12 | 40% | 9 | 30% |

Change in time taken to make decisions had a minor impact on the company operations according to 71% of the respondents covered. 29% of the respondents said that this change had a major impact on their firms. When the top management of various firms was changed, there was no impact on 62% of the firms covered. Those that experienced major or minor impact constituted 19% each. Introduction of new services into the market had a major impact according to 61% of the respondents. 50% of the respondents had the feeling that training programs or the amount of money spent on the same had a major impact while 30% felt that it had a minor impact. Promotional campaigns had a major impact on 52% of the companies covered in the survey and a minor impact on 37% of the companies covered.

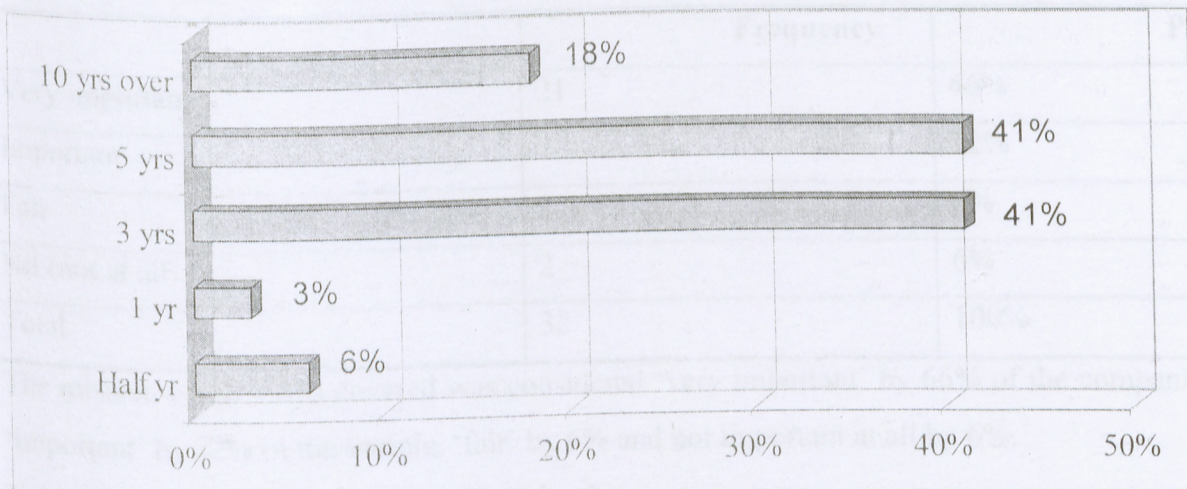
4.4 Mission, Vision and Objective

Table 2 Presence of Mission, Vision and Objective

| | Yes | | No | |
|---|-----------|------------|-----------|------------|
| | Frequency | Percentage | Frequency | Percentage |
| Does your company have a vision statement? | 26 | 81% | 6 | 9% |
| Does your company have a mission statement? | 26 | 81% | 6 | 9% |
| Does your company have a strategic plan? | 32 | 100% | 0 | 0% |

According to the results of the survey, all the firms had strategic plans. 81% of the firms captured in the survey had mission and vision statements.

Chart 6 Coverage of Strategic Plan (Years)



Most of the companies covered in the survey had their strategic plans spanning periods of up to 10 years. Most of them covered periods of 3 and 5 years respectively each having a 41% representation. Those whose company strategic plans spanned more than ten years formed 18% of the survey.

Table 3 Communication of firm's mission to staff

| | Frequency | Percent |
|------------------|-----------|---------|
| Very well | 14 | 44% |
| Well | 12 | 38% |
| Fair | 4 | 12% |
| Poor | 1 | 3% |
| Nil (Not at all) | 1 | 3% |
| Total | 32 | 100% |

The mission statements of the firms covered were communicated 'very well' in 44% of the firms covered while 38% of them communicated it 'well'. 12% were fair in communicating it to the employees.

Table 4 Level of importance of firm's mission

| | Frequency | Percent |
|------------------|-----------|---------|
| Very important | 21 | 66% |
| Important | 7 | 22% |
| Fair | 2 | 6% |
| Nil (not at all) | 2 | 6% |
| Total | 32 | 100% |

The mission of the firms covered was considered 'very important' by 66% of the companies covered 'important' by 22% of the sample, 'fair' by 6% and not important at all by 6%.

Table 5 Frequency of reviewing strategic plan

| | Frequency | Percent |
|---------------|-----------|---------|
| Quarterly | 16 | 50% |
| Annually | 13 | 41% |
| Every 2 years | 3 | 9% |
| Total | 32 | 100% |

The firms covered periodically reviewed their strategic plans. 50% did this on a quarterly basis while 41% did it on an annual basis. 9% reviewed their strategic plans on a bi-annual basis.

The following mean score will be utilized from the section that follows. The scores "Not at all" and "Little extent" represented setters of vision and mission whose involvement was regarded as "Not applicable", equivalent to 1 to 2.5 on the continuous Likert scale ($1 \leq NA \leq 2.5$). The scores of 'moderate application' represented setters of vision and mission whose involvement was regarded as moderately applicable. This was equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq MA \leq 3.5$). The score of "very great extent" and "great extent" represented setters of vision and mission whose involvement was regarded as largely applicable (LA). This was equivalent to 3.6 to 5.0 on the Likert Scale ($3.6 \leq LA \leq 5.0$).

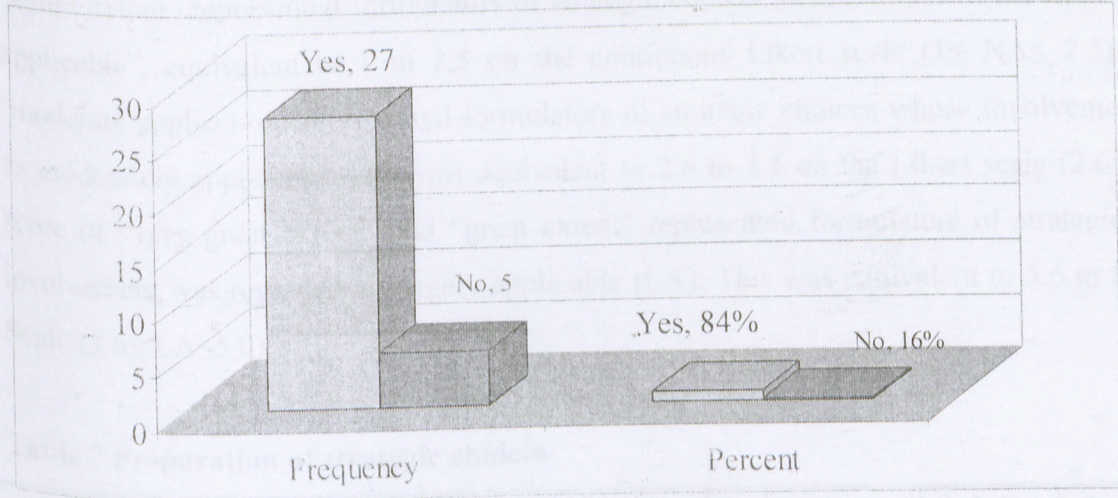
Table 6 People involved in preparing firm vision and mission

| | Mean | Std. Deviation |
|--------------------|------|----------------|
| Top management | 4.85 | .770 |
| Board of directors | 4.78 | .506 |
| Shareholders | 3.22 | 1.695 |
| Stakeholders | 3.04 | 1.881 |

The most significant involvement in preparation of vision and mission came from the top management and board of directors since they had mean scores of above 3.6 i.e. 4.85 and 4.78 respectively. Shareholders and stakeholders were involved on moderate levels since their mean scores of 3.22 and 3.04 were below 3.5 but above 2.6.

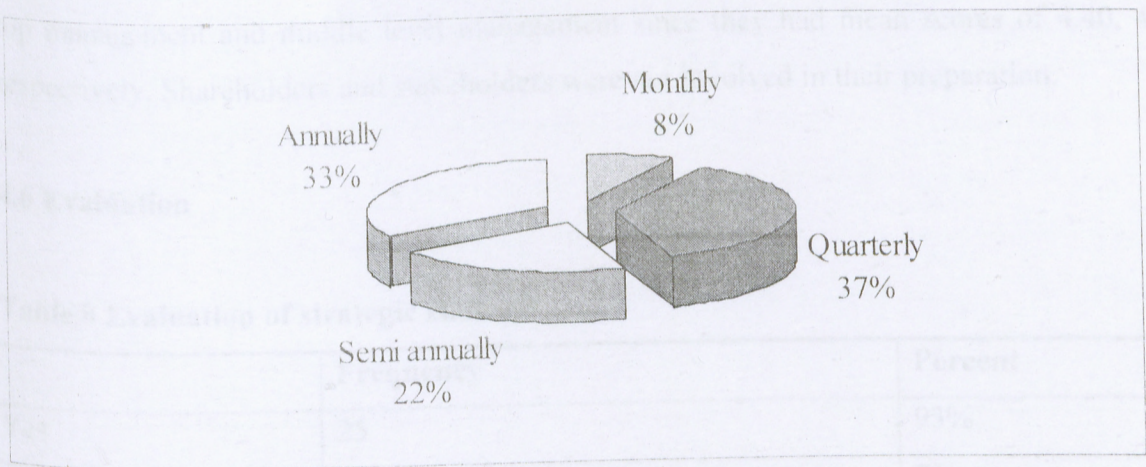
4.5 Strategic Choices

Chart 7 Preparation of key annual strategic issues



According to the results of the survey, 84% of the companies covered prepared a list of key strategic issues for each year while the remaining 16% did not prepare a list of the key strategic issues for each year.

Chart 8 Updating of list of strategic issues



According to the results as displayed in the chart above, 37% of the companies covered in the survey updated the list of the key strategic issues for each year on a quarterly basis, 33% on an annual basis, 22% semi annually and only 8% of them did it on a monthly basis.

The following mean score will be utilized from the section that follows. The scores “Not at all” and “Little extent” represented formulators of strategic choices whose involvement was regarded as “Not applicable”, equivalent to 1 to 2.5 on the continuous Likert scale ($1 \leq NA \leq 2.5$). The scores of ‘moderate application’ represented formulators of strategic choices whose involvement was regarded as moderately applicable. This was equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq MA \leq 3.5$). The score of “very great extent” and “great extent” represented formulators of strategic choices whose involvement was regarded as largely applicable (LA). This was equivalent to 3.6 to 5.0 on the Likert Scale ($3.6 \leq LA \leq 5.0$).

Table 7 Preparation of strategic choices

| | Mean | Std. Deviation |
|-------------------------|------|----------------|
| Board of directors | 4.40 | 1.248 |
| Top management | 4.39 | 1.358 |
| Middle level management | 3.84 | 1.551 |
| Shareholders | 2.70 | 1.877 |
| Stakeholders | 2.15 | 1.537 |

Preparation of the list of strategic choices for each year was the responsibility of the board of directors, top management and middle level management since they had mean scores of 4.40, 4.39 and 3.84 respectively. Shareholders and stakeholders were not involved in their preparation.

4.6 Evaluation

Table 8 Evaluation of strategic choices

| | Frequency | Percent |
|-------|-----------|---------|
| Yes | 25 | 93% |
| No | 2 | 7% |
| Total | 27 | 100% |

93% of the companies covered in the survey evaluated their strategic choices while 7% did not. Five of the companies withheld information on this particular question.

The following mean score will be utilized from the section that follows. The scores "Not at all" and "Little extent" represented evaluation mechanisms whose application was regarded as "Not applicable", equivalent to 1 to 2.5 on the continuous Likert scale ($1 \leq NA \leq 2.5$). The scores of 'moderate application' represented evaluation mechanisms whose application was regarded as moderately applicable. This was equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq MA \leq 3.5$). The score of "very great extent" and "great extent" represented evaluation mechanisms whose application was regarded as largely applicable (LA). This was equivalent to 3.6 to 5.0 on the Likert Scale ($3.6 \leq LA \leq 5.0$).

All the firms covered in the survey engaged themselves in evaluation of their strategic choices.

Table 9 Evaluation mechanisms

| | Mean | Std. Deviation |
|-------------------------|------|----------------|
| Liquidity | 4.66 | .787 |
| Profitability | 4.59 | 1.043 |
| Number of customers | 4.53 | 1.047 |
| Market share | 4.48 | .829 |
| Innovation | 4.23 | 1.023 |
| Management of customers | 4.17 | 1.177 |

All the evaluation mechanisms under investigation were applicable in all the tyres dealership firms covered but liquidity and profitability were the most dominant evaluation mechanisms with mean scores of 4.66 and 4.59 respectively.

4.7 Implementation

Table 10 Employee empowerment to handle strategies

| | Frequency | Percent |
|-------------------------------------|-----------|---------|
| Training | 13 | 41% |
| Involvement in identifying solution | 18 | 56% |
| Exclusion | 1 | 3% |
| Total | 32 | 100% |

All the firms covered in the survey were continuously preoccupied throughout the year with checking urgent and critical issues which may affect their daily operations. This was achieved through the empowerment of their employees through involvement in identifying solutions (56%), training (41%) and employee exclusion (3%).

Table 11 Handling of strategic issues (Is there a documented process in your company to handle strategic issues?)

| | Frequency | Percent |
|-------|-----------|---------|
| Yes | 23 | 74% |
| No | 8 | 26% |
| Total | 31 | 100% |

Most of the companies covered in the survey admitted to having a documented process to handle strategic issues. This was true since it had a 74% representation while those which did not have a documented strategic issues handling process formed 26% of the survey data.

Table 12 Champions of implementation of strategic management choices

| | Least responsible | | Most responsible | |
|-----------------------------|-------------------|------------|------------------|------------|
| | Frequency | Percentage | Frequency | Percentage |
| The chief executive officer | 3 | 16% | 1 | 84% |
| Business managers | 6 | 86% | 1 | 14% |
| The general managers | 4 | 36% | 7 | 64% |
| Supervisors | 5 | 62.5% | 3 | 37.5% |
| Consultants | 4 | 100% | 0 | 0% |

The responsibility of identification and implementation of strategic management choices in the firms covered largely lay on the chief executive officers (84%), the general managers (64%) and supervisors (37.5%). Those that were least involved were business managers (86%) and supervisors (62.5%). Consultants were not involved at all.

4.8 Strategic Control

All the respondents reported that their firms normally studied issues which might affect their company operations (both short and long term) coming from areas such as external environment trend, internal environment and performance trend.

Table 13 Tracking of strategies in order to identify problems

| | Frequency | Percent |
|-------|-----------|---------|
| Yes | 28 | 87% |
| No | 4 | 13% |
| Total | 32 | 100% |

From the results of the survey, it can be seen from table 13 above that majority (87%) of the tyres dealership firms usually tracked their strategies in order to identify any flaws. 13% however did not track their strategies. Those that did not track their strategies used market dynamics and customer insight to monitor their strategic choices.

Table 14 Corrective Changes

| | Frequency | Percent |
|--------------------------|-----------|---------|
| Taking corrective action | 26 | 87% |
| Re-training | 4 | 13% |
| Total | 30 | 100% |

Most of the companies covered i.e. 87% took corrective action to combat flaws in their strategic choices while 13% re-trained their staff to ensure adherence to the strategic choices.

The following mean score will be utilized from the section that follows. The scores "Not at all" and "Little extent" represented factors considered before engaging in strategic management practices that were regarded as "Not applicable", equivalent to 1 to 2.5 on the continuous Likert scale ($1 \leq NA \leq 2.5$). The scores of 'moderate application' represented factors considered before engaging in strategic management practices that were regarded as moderately applicable. This was equivalent to 2.6 to 3.5 on the Likert scale ($2.6 \leq MA \leq 3.5$). The score of "very great extent" and "great extent" represented factors considered before engaging in strategic management practices that were regarded as largely applicable (LA). This was equivalent to 3.6 to 5.0 on the Likert Scale ($3.6 \leq LA \leq 5.0$).

Table 15 Factors Considered Before Engaging in Strategic Management Practices

| | Mean | Std. Deviation |
|--------------------------|------|----------------|
| Needs of target customer | 4.03 | 1.426 |
| Past experience | 3.81 | 1.223 |
| Industry policy | 3.61 | 1.453 |
| Core competences | 3.55 | 1.729 |
| Other firms | 3.30 | 1.291 |
| Opinion of consultants | 3.19 | 1.442 |

The most applicable factors that were considered before engaging in the strategic management practices were customer needs, past experiences and industry policies since they had mean scores of above 3.60. Opinion of consultants, core competencies and competitors moderately influenced strategic management practices in the firms covered since their mean scores were above 2.60 but below 3.50.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

From the data collected and analysis, the following discussions, conclusions and recommendations were made. The response was based on the objective of the study. The objective of the study was to establish the strategic management practices within the tyres industry in Kenya.

5.2 Summary of Findings

The operating environment in the tyre dealership industry for the past five years was described as relatively stable while others described it as very turbulent.

All the firms in tyre dealership business covered in the survey have business plans geared towards adapting to the changes in the market. These strategic plans sometimes span periods over 10 years. Most of them cover periods of 3 and 5 years respectively. Mission statements were common a feature of the firms covered and were communicated 'very well' or just 'well' in majority of the firms covered.

According to the results of the survey, most of the respondents covered rated the levels of strategic management practices as 'partially applied' while a few rated them as highly applied. Change in time taken to make decisions was seen to have a minor impact on the company operations. When the top management of various firms was changed, there was no impact on most firms. Introduction of new services into the market had a major impact according to majority of the firms. Half of the respondents had the feeling that training programs or the amount of money spent on the same and promotional campaigns had a major impact had major impacts.

The mission of the firms covered was considered 'very important' or 'important' by most of the companies covered in the sample. The firms covered periodically reviewed their strategic plans on a quarterly, annual basis or bi-annual basis with most doing it quarterly.

The most significant involvement in preparation of vision and mission came from the top management and board of directors. Shareholders and stakeholders were involved on moderate levels only. A list of the key strategic issues for each year was prepared by most of the firms. This list of the key strategic

issues for each year is usually updated mostly on a quarterly, annual and semi annual basis a few do it on a monthly basis. Preparation of the list of strategic choices for each year was the responsibility of the board of directors, top management and middle level management. Shareholders and stakeholders were not involved in their preparation. All of the companies covered in the survey evaluated their strategic choices using different mechanisms as liquidity, profitability, number of customers, market share, innovation and management of customers; liquidity and profitability were the most dominant evaluation mechanisms.

All the firms covered in the survey were continuously preoccupied throughout the financial year with checking urgent and critical issues which affect their daily operations. This was achieved through the empowerment of their employees through involvement in identifying solutions and training.

Most of the companies covered in the survey admitted to having a documented process to handle strategic issues. The responsibility of identification and implementation of strategic management choices in the firms covered largely lay on the chief executive officers and the general managers. Those that were least involved were business managers and supervisors. Consultants were not involved at all. All the respondents reported that their firms normally studied issues which might affect their company operations (both short and long term) coming from areas such as external environment trend, internal environment and performance trend.

From the results of the survey, it can be observed that majority of the tyre dealership firms usually tracked their strategies in order to identify any flaws. This was through market dynamics and customer insight. Most of the companies covered took corrective action to combat flaws in their strategic choices while few re-trained their staff to ensure adherence to the strategic choices.

The most applicable factors that were considered before engaging in the strategic management practices were customer needs, past experiences and industry policies. Opinion of consultants, core competencies and competitors moderately influenced strategic management practices in the firms covered.

5.3 Conclusion

The operating environment in the Kenya tyre dealership industry for the past five years was described as relatively stable. All the firms in tyre dealership business covered in the survey have business plans geared towards adapting to the changes in the market. The levels of strategic management practices application are partial. Introduction of new services into the market, training programs or the amount of money spent on these and promotional campaigns have major impacts on the firms covered. The mission of the firms covered is considered very important. The firms covered periodically reviewed their strategic plans. The most significant involvement in preparation of vision and mission came from the top management and board of directors who prepare and update a list of the key strategic issues for each year. Liquidity and profitability were the most dominant evaluation mechanisms. All the firms covered in the survey are continuously preoccupied throughout the financial year with checking urgent and critical issues which affect their daily operations. This is achieved through the empowerment of their employees through involvement in identifying solutions and through training. Most of the companies covered in the survey admitted to having a documented process for handling strategic issues. The responsibility of identification and implementation of strategic management choices lies on the chief executive officers and the general managers. Tyre dealership firms usually tracked their strategies in order to identify any flaws. This was through market dynamics and customer insight. Most of the companies covered take corrective action to combat flaws in their strategic choices while few re-train their staff to ensure adherence to the strategic choices.

5.4 Recommendations

- The tyre dealership firms should improve on the levels of strategic management practices
- Restructuring and business process re-engineering should be considered as an important strategic management choice by the tyre dealership firms.
- Management of customers and innovation should be adopted as evaluation mechanisms in the tyre industry.
- Tyre dealership firms should involve management consultants before engaging in strategic management practices.

5.5 Further Studies

A study on the impact of the cheap tyre brands importation into the Kenyan market on the more established and strong brands: the case of tyre dealership companies.

The effect of tyre retread companies on the profitability of tyre dealership firms in Kenya.

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APPENDIX

Wahome J.(2003) *Strategic Management Practices In Flower Firms In Kenya* Unpublished Thesis,
University of Nairobi

1. What is the name of your firm?
2. What is the nature of your firm?
3. What year was your firm started?
4. Kind of business you are engaged in (nature of the business) of the firm.
 - a. Wholesale
 - b. Retail
5. Do you have any other business? (Yes/No)

Section B: The Investment

6. How would you describe your investment strategy over the last five years (increase)?
 - a. Very narrow
 - b. Moderate
 - c. Irregular
7. Do you have different strategies in different departments within the investment?
 - a. Yes
 - b. No

8. How do you rate the level of strategic management practices in your organization?
 - a) Fully Present
 - b) Somewhat Present
 - c) Partially Present

9. To what extent are the following factors the reasons for the failure of your business?
(Please indicate the extent to which each factor is a reason for failure)

APPENDIX

Appendix (1): Questionnaire

Section A: Company Data

- | | Major Impact | Minor Impact | No Impact |
|---|--------------|--------------|-----------|
| 1. What's the name of your Firm | | | |
| 2. Please indicate your Job Title | | | |
| 3. When was your Firm started?..... | | | |
| 4. Kindly indicate the appropriate management and ownership of the Firm. <ul style="list-style-type: none">• Wholly foreign <input type="checkbox"/> Group ownership <input type="checkbox"/>• Wholly local <input type="checkbox"/> Individual <input type="checkbox"/> | | | |
| 5. Does your company have branches and associated companies in Kenya? <ul style="list-style-type: none">• Yes <input type="checkbox"/> No <input type="checkbox"/> | | | |

Section B: The Environment

6. How would you describe your business or operating environment within the last five years (tick one)
- Very turbulent Relatively stable
 - Irregular
7. Do you have business plans in place to allow adjustments with changes in the environment (tick one)
- Yes No
8. How do you rate the level of strategic management practices in your organization?
- a) Highly practiced
 - b) Not practiced
 - c) Partially Practiced

9. In year 2008 did the following have any impact on your Company
(Tick each according to the estimated impact- Either Major, Minor or None):

| | Major Impact | Minor Impact | No Impact |
|--|--------------|--------------|-----------|
| a) Change in Time taken to make a decision | | | |
| b) Changes in Top Management | | | |
| c) Restructuring and Reengineering | | | |
| d) Number of new services you introduced into the market | | | |
| e) Number of your Training programs (or the amount spent on training) | | | |
| f) Number of promotional campaigns | | | |
| g) Others (Please specify) | | | |

Section C: Mission, Vision and Objective

Please tick the appropriate answer

- 10. Does your firm have a vision statement? Yes No
- 11. Does your firm have a mission statement? Yes No
- 12. Does your firm have a strategic plan? Yes No

If yes, how many years does it cover?

- a) 3 years
- b) 5 years
- c) 10 years over
- d) 10 years
- e) Other _____ years (please indicate)

13. How well is the mission communicated to the staff?

- Very well Well
- Fair Poor
- Nil (not at all)

14. How important do you believe it is to have a mission for your unit?

- Very important Important
- Fair Poor
- Nil (not at all)

15. How often does your firm review the strategic plan?

- b) Quarterly
- c) Annually
- d) Every 2 years
- e) Over 3 years
- f) Others _____ (please indicate)

16. To what extent are the following involved in setting the vision and mission?

1= Not at all, 2= Less extent 3= Moderate, 4= Great Extent, 5= Very Great Extent.

| | 5 | 4 | 3 | 2 | 1 |
|--------------------|---|---|---|---|---|
| Stakeholders | | | | | |
| Shareholders | | | | | |
| Top Management | | | | | |
| Board of Directors | | | | | |

Section D: Strategic Choice

17. Do you prepare a list of key strategic issues for each year?

- Yes No

17b. If yes how often do you update this list?

- Monthly Quarterly
- Semi annually Annually

18. Who prepares the strategic choices?

1= Not at all, 2= Less extent 3= Moderate, 4= Great Extent, 5= Very Great Extent.

| | 5 | 4 | 3 | 2 | 1 |
|-----------------------|---|---|---|---|---|
| Stakeholders | | | | | |
| Shareholders | | | | | |
| Top Management | | | | | |
| Middle Level managers | | | | | |
| Board of Directors | | | | | |
| | | | | | |

Section E: Evaluation

19. How do you evaluate the strategic choices?

- Yes No

20. To what extent do you use the following evaluation mechanism?

1= Not at all, 2= Less extent 3= Moderate, 4= Great Extent, 5= Very Great Extent.

| | 5 | 4 | 3 | 2 | 1 |
|-------------------------|---|---|---|---|---|
| Profitability | | | | | |
| Market Share | | | | | |
| Number of customers | | | | | |
| Management of customers | | | | | |
| Innovation | | | | | |
| Liquidity | | | | | |
| Other specify | | | | | |
| | | | | | |

Section F: Implementation

21. Are you continuously preoccupied throughout the year with checking urgent and critical issues which may affect your daily operations? Yes () NO ()

22. How are the employees in your firm empowered to handle strategies? (tick)

- Training Involvement in identifying solutions
- Excluded Others(specify)-----

23. Is there a documented process in your company to handle strategic issues? Any other

a. Yes () No ()

24. Who champions the identification and the implementation of Strategic management choices in your firm? how do you monitor the strategic choices?

NB: 1 Denotes least responsible while 5 denotes most responsible

| | |
|-----------------------------------|--|
| The Chief Executive Officer (CEO) | |
| The General managers | |
| Business managers | |
| Supervisors | |
| Consultants | |
| Others (please specify) | |

Section G: Strategic Control

25. Do you normally study issues which may affect your operations (both short and long term) coming from the following areas. (NB: A strategic issue is a forthcoming development, either inside or outside of the organization, which is likely to have an impact on the ability of the enterprise to meet its objectives)

- External environment trend Yes No
- Internal environment Yes No
- Performance trend Yes No
- Others specify-----

26. Do you track the strategies to identify problems if any?

a. Yes No

26b. If the answer is yes, how do you make changes if necessary?

Taking corrective action Re-training Firing the concerned Any other

(specify) -----

26c. If the answer is NO, then how do you monitor the strategic choices?

27. How would you rate the following factors before engaging in strategic management practices in your firm (tick)

| | Least considered | | | Most considered | |
|-------------------------------|------------------|---|---|-----------------|---|
| | 1 | 2 | 3 | 4 | 5 |
| Key factors | | | | | |
| Opinion of consultants | | | | | |
| Other Firms | | | | | |
| Past experience | | | | | |
| Industry policy | | | | | |
| Care competences | | | | | |
| Needs of target customers | | | | | |
| Other (please specify) | | | | | |

THANK YOU FOR YOUR TIME

Appendix (2): List of Tyre Dealers

1. Day Break
2. Discover Joy Enterprises
3. Donholm Caltex
4. Esso Motors Sales
5. Exact Marketing & Services ltd
6. Fairrate Tyres
7. Furaha S. Station
8. Good Ride Auto Tyres and Wheel
9. Gudka Westend Motors
10. High Speed Tyre
11. Highlife Tyres
12. James and Michael tyres
13. Jose Tyres & Batteries
14. Kajulu Holdings
15. Kahore Tyres
16. Kenya Tyre Distributors
17. Kiamunyi Tyres
18. Kingsway Tyres
19. Kobil Jogoo Road
20. Kwetu Modern Distributors
21. Eri ltd
22. Lesta tyres and Automart
23. Milele Tyre Centre
24. Minja Tyres and Automart
25. Motor Boutique
26. Muange Tyres
27. Mwembe Tayari Tyre traders
28. New Tewa ltd
29. Ngawa General Merchants
30. Ngumbi Auto Tyres

31. Nyanza Petroleum Dealers (Auto Express)
32. O-line Re treads
33. Park Tyres
34. Diss Auto
35. Rema Enterprises
36. Royal Tyres
37. Ruda Distributors
38. Salama Tyres
39. Sameer Africa
40. Sate
41. Superide Tyres
42. Transallied Tyres
43. Tread Setters
44. Tudor Tyres & Batteries
45. Tyre Plus
46. Tyremasters Ltd
47. Ukash Brothers
48. Wangirithi Tyres
49. Yusuf Auto Spares

Source: Sameer Africa (2007).