Vol. 1, No. 06; 2018

ISSN: 2581-4664

INFLUENCE OF POLICY DEVELOPMENT ON ORGANIZATIONAL PERFORMANCE IN SUGAR COMPANIES IN WESTERN REGION KENYA

Marita Ingutia Okutoyi and Barrack O. Okello
School of Business, Jomo Kenyatta University of Agriculture and Technology

ABSTRACT
The sugar sector in Kenya is, however, beset by several governance and management challenges that are manifested in the way decisions are made and implemented by key actors on matters of sugar importation, privatization of sugar mills, negotiations on COMESA and other international agreements affecting the sub-sector. The study sought to assess the influence of policy development on organizational performance in sugar companies in Western region, Kenya. The study was guided by the Dynamic Capabilities Theory. The study was conducted using descriptive survey design and targeted the management of three sugar companies from the region from which a sample size of 54 respondents was drawn form a population of 54 using the census sampling technique. Questionnaires were used to collect data after pilot testing them in a sugar company in Bungoma County. The data was analyzed using both descriptive and inferential statistical methods. The correlation coefficient between policy development on organizational performance is 0.522. Policy development was found to have a positive relationship with organizational performance of sugar companies in Western region in Kenya. The study thus recommends that the sugar companies in Western Region in Kenya improve on the policy development characteristics in order to enhance their performance.

Keyword: Organizational Performance, Policy Development, Strategic Management, Sugar Companies, Western Region.

1. INTRODUCTION
Since the turn of the century, managers have been preoccupied with improving operational effectiveness by using different management techniques, such as; total quality management, business process reengineering, customer relationship management, benchmarking that seek to improve operational effectiveness or only certain aspects of companies' performances such as quality, speed, productivity and so on (Manguru, 2011). However, of late the focus has shifted considerably to the all-encompassing practice of strategic management.

Strategic management is about choosing the right place for defining a unique position, making clear trade-offs, a tighter fit, it involves a comprehensive approach to managing all important aspects of the company's internal environment and it therefore significantly differs from other management techniques (Plance, 2015). Nag, Hambrick and Chen (2007) define strategic management as the identification of the purpose of the organization and the plans and actions to achieve the purpose. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise.

Strategic management is an on-going process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment., or a new social, financial, or political environment (Plance, 2015). Strategic management is a comprehensive area that covers almost all the functional areas of the organization. It is an umbrella concept of management that comprises all such functional areas as marketing, finance and accounts, human resource, and production and operation into a top level management discipline (Wheelen & Hunger, 2006). Therefore, strategic management has an influence in the organizational success or failure than any specific functional areas.

Strategic management is different than the routine and operation management, it deals with organizational level and top level issues whereas functional or operational level management deals with the specific areas of the business (Karoki, 2016). According to Nyariki (2013), strategic management defines the purpose of the organization and the plans and actions to achieve that purpose. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise. It involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals.

Strategic management provides overall direction to the enterprise. Firms that pursue sustainable strategic management base the formulation, implementation, and evaluation of their strategies on an analysis of the ecological issues they face, the values they hold that support sustainability, and the ecological interests of their stakeholders. Nickols (2016) in the US reports that “strategic issues,” regardless of their importance, typically consume no more than 20 percent of the organization’s resources - although they frequently command 80 percent of top management’s time and attention. Askarany and Yazdifar (2012), investigating the diffusion of six proposed strategic management tools of the past few decades through the lens of organizational change theory, examined the relationship between the adoption of these techniques and organizational performance in both manufacturing and non-manufacturing organizations in New Zealand. The findings suggest a significant association between the diffusion of these relatively new strategic management tools and organizational performance. Nmadu (2007) study in Nigeria found support for the strategic management and organizational performance.

However, Muogbo (2013) found that despite the fact that strategic management has been identified as veritable tool for improving the competitiveness, performance levels, and structural development of manufacturing firms in Nigeria, strategic management is not yet a common business practice among manufacturing firms in the country. In Ghana, Plance (2015) established that strategic management practices have direct positive relationship with corporate performance. A survey by Gichunge (2007) on manufacturing enterprises in Kenya revealed that the MEs have not adopted any formal strategic management and this affected their overall performance.

Maroa and Muturi (2015), however, observed that flower firms in Kenya that had adopted strategic management practices had experienced a moderate improvement in their performance. These studies point to the fact that strategic management had considerable impact on performance of firms and this depended largely on the way they interpreted and implemented the strategic management practices within their context. The practices of interest to this study are environmental scanning, direction setting, policy development and strategic control.

1.1 Strategic Management Practices

Most industries especially in the developing economies are also characterized by unpredictable and rapid change, which increases uncertainty for individuals and firms operating within them. This requires strategic management practices in order to continuously deal with the changing environment. Strategic management is of critical importance to the performance and growth of the commercial enterprises both big and small (Otieno, 2010). Strategic management practice consists of four basic elements, strategy formulation, implementation, evaluation and control (Wheelen & Hunger, 2008). It is within these four elements that strategic management practices are manifested and is also described as the strategic management process.

Strategy formulation is the development of long-range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses (Wheelen & Hunger, 2008). It includes defining the corporate mission, specifying achievable objectives, developing strategies and setting policy guidelines. Strategy implementation is the process through which strategies are put into action throughout the organization by deriving short-term objectives from the long-term objectives and further deriving the functional tactics from the business strategy. This process assists management in identifying the specific immediate actions that must be taken in the key functional areas to implement the business strategy (Pearce & Robinson, 2008). Strategy evaluation and control is the process of comparing the actual performance against the desired performance. Strategy evaluation involves setting control processes to continuously review, evaluate and provide feedback concerning the implemented strategies to determine if the desired results are being accomplished such that corrective measures may be taken if warranted (Hill & Jones, 2011; Steiner, 2007). Other dimensions of strategic management include direction setting (Tsuma, 2013) and situational analysis (Manguru, 2011).

The strategic management sets the direction of the firm enabling the organization to meet its financial and non-financial objectives, it enables the company to become competitive through response to market demands, and acts to respond to changing customer's demands and technology (Tsuma, 2013). Situation analysis provides the information necessary to create a company mission statement. Situation analysis involves scanning and evaluating the organizational context, the external environment, and the organizational environment (Coulter, 2005). This analysis can be performed using several techniques. Observation and communication are two very effective methods.

However, strategic management practices have also attracted criticisms among them the view that where thinking is lacking, the traditional strategy formulation process is not up to today's fast and dynamic environment changes as it usually focuses on analyzing the past and it is too static in generating responses to existing' environment conditions (Hammonds 2011). Richardson (2005), however, is of the opinion that while strategic management is not contestable the quality of its actual use is more questionable. It is this latter criticism that is of interest to the present study.

1.2 Organizational Performance

The term organizational performance is used in three time- senses - the past, present, and the future. Firm's performance is the measure of standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance. Performance also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the organization's operations and strategies (Alderfer, 2003).

The concept of organizational performance has been based upon the idea that an organization is a voluntary association of productive assets, including human, physical, technological and capital resources, in order to achieve a common purpose (Barney, 2002). According to Richard et al. (2008) organizational performance encompasses three specific areas of firm outcomes: financial performance - profits, return on assets, return on investment; market performance - sales, market share; and shareholder return - total shareholder return, economic value added. The successful performance of SMEs does not only depend on good economic performance, but rather on the way the entrepreneurs and employees work together and fulfil their activities and objectives in a joint and coordinated basis. According to Roper (2008), the entrepreneur is the development lever that determines whether any business venture will succeed or fail

1.3 The Sugar Industry in Kenya

Sugarcane growing in Kenya plays a very important role in the country's economy. The sugar sub-sector contributes about 15% of the agricultural gross domestic product (GDP). Sugarcane production has been improving over the years in Kenya. This has been attributed mainly to the increase of total land brought under cane production. Total area under cane production in Kenya as at March 2013 was 206,809 hectares. The country projects more areas to be under cane production and the yields are projected to increase as a result.

The area under cultivation and yields by 2014 was estimated at 224,925 hectares and 100 tonnes per hectare respectively (KSB, 2015). The sugarcane growing is comprised of both the smallholder farmers as well as the nucleus estates commissioned by the sugar factories. The smallholder farmers supply 92%of the sugar milled in the country and the rest is provided by the nucleus estates (KSB, 2010). The smallholder farmers comprise about 85% of the cane growers in the country (GoK, 2007).

Although consumption of sugar in the country exceeds production, the deficit is supplemented by imports from countries in the Common Market for Eastern and Southern Africa (COMESA) trade bloc. The sugar sub-sector has led to the existence of eleven (11) operational sugar mills in the country (MAFAP, 2013). These industries help the country in solving the problem of high unemployment of its citizens notably because agriculture is the mainstay of the Kenya's economy, supporting at least 25% of Kenyan population. This population relies directly or indirectly on the sub-sector for their livelihoods (KSB, 2010).

The roles of the sugar industry in Kenya are tremendous, with more potential of the sub-sector to greatly contribute to the nation's economy. These economic contributions of the sector do call for studies, policies and research to ensure the sector remains competitive in the economy (Monitoring African Food and Agricultural Policies (MAFAP, 2013). However, the industry still faces considerable challenges some of which have been rolled over for the last two decades as they have not been fully addressed.

According to Kariuki (2012), the threats can be summarized as: Policy and marketing problems related to inability of factories to market locally produced sugar in the face of dumped imports; Poor cane husbandry practices leading to low yields at farm level in quantities per ha and in sucrose content, and; Low productivity levels at factory level leading to low sugar yields, capacity under-utilization and, hence, low income to farmers. This in turn negatively affects cane husbandry practices. In addition, there are other emerging challenges which include; Competition from foreign producers arising from economic liberalization; Decline in productivity at farm level; Decline in productivity and efficiency at factory level, and; Failure in Institutional structures, processes and policy to address current issues in the sugar industry.

2.STATEMENT OF THE PROBLEM

The sugar sector is a great case study of Kenya's development challenges and opportunities. However, the quality of management is mixed and is holding the sector back. As in many other sectors of Kenya's economy (especially agriculture and industry), what needs to be done is clear, except it is just not being done. According to a study carried out by the Kenya Anti-Corruption Commission (2010), there are several challenges facing the sugar sub-sector among them low productivity, un-competitiveness, poor governance, corruption and weak policy and legal framework. The level of productivity as major area of concern in the sugar industry is which determines the level of profitability, distinctively between the sugar mills and the out growers (who are mainly the smallholder farmers). Managerial practices in the cane industry have more of negative impacts on the industry. The traditional strategy formulation process is not up to today's fast and dynamic environment changes as it usually focuses on analyzing the past and it is too static in generating responses to existing' environment conditions. If a strategic direction is too detailed, then the company may not be able to adapt when unforeseen changes arise. There is also an increased internal and external uncertainty due to emerging opportunities and threats, lack of awareness of needs and of the facilities related to issues in environment and lack of direction. It is observed that bureaucratic systems of the smallholder farmers who operate on contractual basis are very lengthy and this tends to demotivate the farmers from engaging into cane farming. These findings echoed those of the KACC (2010) which concluded that corruption and mismanagement permeate nearly all the institutions connected to the sub-sector. Several studies have been conducted to support these earlier findings observing that the sector was plagued by ethical, managerial and political factors that harmed its performance. However, these studies did not explicitly link strategic management practices with the challenges the sugar industry was facing. It is against this background that the study sought to establish the influence of strategic management practices on organizational performance of the sugar industry in Kenya focusing on the Western Region in Kenya.

3. OBJECTIVES OF THE STUDY

The main objective of the study was to establish the influence of policy development on organizational performance of sugar companies in Western Region Kenya

4. RESEARCH HYPOTHESES

H_{01}: Policy Development has no significant influence on organizational performance of sugar companies in the Western Region in Kenya.

Vol. 1, No. 06; 2018

ISSN: 2581-4664

5. CONCEPTUAL FRAMEWORK

Theoretical Framework

Policy Development
- Involvement
- Policy analysis
- Contingencies

Organization Performance
- Financial Performance
- Market Performance
- Shareholder Return

Dependent Variable

Independent variables

6.THEORETICAL FRAMEWORK

6.1 Dynamic Capabilities Theory

This theory was authored by Teece (2007), who expounds that dynamic capabilities refer to the firm's ability to buffer its internal and external propensities in tandem with the changing environment. Consensus within the field of strategic management highlights dynamic capabilities as having three core attributes namely; they are embedded within organizational processes, they are captured by the established routines within the firm and they are directed towards effecting change within the firm. Nelson and Winter (1982) offer a possible framework for integrating these attributes which align a firm's resources and capabilities with its operational efficiencies. The dynamic capabilities have been defined as the ability to integrate, build, and reconfigure internal and external competencies to address rapidly-changing environments (Stanley, 2015).

The dynamic capabilities have also been defined as the capacity to renew competencies so as to achieve congruence with the changing environment by ―adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competencies (Tesot, 2012). The qualifying characteristic of the dynamic capability is that the capability not only needs to change the resource base, but it also needs to be embedded in the firm, and ultimately be repeatable. The need for the dynamic capabilities is informed by the permanent risk of erosion of superior firm-specific resources and competences in the contemporary business environment of hyper competition.

The dynamic capabilities are built over time as they are organizational processes in which may have become embedded in the firm over time, and are employed to reconfigure the firm's resource base by deleting decaying resources or recombining old resources in new ways (Reneta, 2012). This implies that dynamic capabilities are viewed to be essentially path dependent shaped by the decisions the firm has made throughout its history, and the stock of assets that it holds. Dynamic capabilities are argued to comprise of four main processes: reconfiguration, leveraging, learning and integration.

Reconfiguration refers to the transformation and recombination of assets and resources, such as the consolidation of manufacturing resources often occurring as a result of an acquisition.

Leveraging refers to the replication of a process or system that is operating in one area of a firm into another area, or extending a resource by deploying it into a new domain, for instance applying an existing brand to a new set of products (Nyariki, 2013). As a dynamic capability, learning allows tasks to be performed more effectively and efficiently, often as an outcome of experimentation, and permits reflection on failure and success. Finally, integration refers to the ability of the firm to integrate and coordinate its assets and resources, resulting in the emergence of a new resource base. The dynamic capabilities reflect on the firm's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions. The dynamic capabilities enable the firm to continuously renew its operational capabilities and hence sustaining its performance in the long term (Tesot, 2012).

The dynamic capability theory has been criticized for the lack of the rigorous attempts to operationalize the various dimensions of dynamic capabilities in a content-valid manner, avoiding the risk of tautological definitions and operationalize the construct in a way that allows to explicitly differentiating between dynamic capabilities' existence and their effects. The dynamic capabilities theory is important to this study because the Small Scale Enterprises must be in a position to identify the opportunities and threats in their environment, seize these opportunities and maintain competitiveness in light of the changing business environment.

7. REVIEW OF EMPIRICAL LITERATURE

7.1 Policy Development and Organizational Performance

The term policy cycle refers to the recurrent pattern shown by procedures that ultimately lead to the creation of a public policy (Park, 2015). Policies are high-level documents developed by management to transmit its guiding strategy and philosophy to employees. Management and business process owners are responsible for the organization and design of policies to guide it toward success. Policies apply a strong emphasis to the words of management.

They define, detail, and specify what is expected from employees and how management intends to meet the needs of customers, employees, and stakeholders (Muruu, Were & Abok, 2016). An organization should have a policy that guides provision of such welfare programmes to employees which include medical facilities, sanitary, accommodation of workers, amenities and industrial social security measures, training and education facilities, HIV and AIDS risk reduction and counseling (Harika, 2012). Park (2015) argues that work environment should comprise of issues such as working hours, employment policy, workers' health and welfare, workplace design and the general conduct of workers at the workplace.

Policies can be developed internally, or can be based on international standards such as Common Criteria or ISO 17799 where: Common Criteria is framework used to specify security requirements, while ISO 17799 is a standard that provides best practice recommendations for implementing good security management (Ratnam, 2011). Not all policies are created in the same way. The policy process can be driven from the top or from the bottom of the organization. Top-down policy development means that policies are pushed down from the top of the company. The advantage of a top-down policy development approach is that it ensures that policy is aligned with the strategy of the company. What it lacks is speed. It's a time-consuming process that requires a substantial amount of time to implement.

A second approach is bottom-up policy development. Bottom-up policy development addresses the concerns of operational employees because it starts with their input and concerns, and builds on known risk. This is faster than a top-down approach but has a huge disadvantage in that it risks the lack of senior management support (Islam & Siengthai, 2009). Regardless of the development approach, policies are designed to address specific concerns: Regulatory—Ensure that the organization's standards are in accordance with local, state, and federal laws. Industries that frequently use these documents include health care, public utilities, refining, and the federal government; Advisory—Ensure that all employees know the consequences of certain behavior and actions. An example of an advisory policy is one covering acceptable use of the Internet. This policy might state how employees can use the Internet during the course of business; if they violate the policy, it could lead to disciplinary action or dismissal, and; Informative—Designed not for enforcement, but for teaching. Their goal is to inform employees and/or customers. An example of an informative policy is a return policy on goods bought on the business's website (Sheppard, 2016).

One specific type of policy is the organization's security policy. Security policy dictates management's commitment to the use, operation, and security of information systems and assets. It specifies the role security plays within the organization (Harika, 2012). Security policy should be driven by business objectives and should meet all applicable laws and regulations. The security policy should also act as a basis to integrate security into all business functions. It serves as a high-level guide to develop lower-level documentation, such as procedures.

The security policy must be balanced, in the sense that all organizations are looking for ways to implement adequate security without hindering productivity. The issue also arises that the cost of security cannot be greater than the value of the asset (Word & Carpenter, 2013). Other important policies are the wage policy and company policy. Wage policy affects organizational performance. Wage policy is the core components to measure employees' satisfaction and quality of work life (Ratnam, 2011). Concerning company policy, Zohir (2007) identified that financial benefit and social welfare, security and leave provisions has a positive impact on worker quality of work life, and these set of benefits has an impact on firm performance. Moreover, this research report (Zohir, 2007) stated that non-financial benefit has also the positive role for workers' quality of life and firm performance.

As study by Islam and Siengthai (2009) on quality of work life and organizational performance using empirical evidence from Dhaka Export Processing Zone, Bangladesh revealed that wage policy has a positive and significant relationship with organizational performance at the level of .05 that explained 33.7% of total variance. Company policy has positive and significant relationship with organizational performance at the level of 5% that explained 15.7% of total variance. Word and Carpenter (2013) articulated that employees look for countless things beyond pay in the professions they pursue, including motivating and meaningful work. Thus, it is extremely important to understand the factors that drive individuals to choose their professions, and aspects of those professions that keep them motivated are a fundamental need of management (Sheppard, 2016).

For example, results of a study conducted in the for-profit and public sector using Perry's Public Service Motivation Scale (PSM) to examine the motivation of nonprofit workers revealed that intrinsically rewarding activities (giving challenging tasks, involving in decision making process, giving a higher rank in hierarchy, etc.) offered by organizations are what motivated employees

(Word & Carpenter, 2013). For example, involving workers in policymaking improved their feeling of self-importance, strengthened their commitment to public service, and reinforced the importance of civic duty.

Kakunu (2012) investigated factors influencing strategic management practices among Commercial Banks in Kenya. The study found that all the banks maintained policy manuals. It was also found that banks updated last their policies six years previously. The results also indicated that the respondents found the bank policies to their activities as relevant. The study also found that in terms of understanding and support to formal policy development and implementation, the ones that ranked highest were the executive directors then the board of directors and finally the employees. The results underscore that as much as the policies were engendering productivity, their development and implementation was largely the preserve of the top management. The study however did not analyze the influence of Policy development on organization performance in Sugar industries.

A study by Ndegwa (2013) revealed that the control department in the premier cement manufacturing firm Bamburi Cement company comprises functional controllers who are senior finance managers within the company's hierarchy reporting directly to their respective functions' executive directors and administratively to the finance director.

The crisis committees are set up within the management ranks with a clear working mandate with safety and health groups and management committee to ensure the organization is prepared to act sufficiently during a crisis.

They conduct drills, audits, prepare policy proposals and contingency plans to ensure the company is prepared for events that could derail its strategic course for example competitor price changes and disasters. Omondi, Ombui and Mungatu (2013) investigated factors affecting effective strategy implementation for attainment of Millenium Development Goal by international reproductive health non-governmental organizations in Kenya. The study established that although strategy formulation is a hard task for management team, making the strategy work proved to be even more difficult. This was because strategy implementation is seen as more of a craft rather than a science and its research history was described as fragmented. The study also revealed that the superior strategies did not produce the best performance when not successfully implemented. This was due to policy regulations, managerial competencies and resource allocation which were summed up as the most critical factors that affect the effective strategy implementation. The study did not focus on sugar industries hence my study seeks to review the influence of strategic management practices on organization performance in sugar industries.

Nabwire (2014) examined factors affecting implementation of strategy using evidence from the Barclays Bank of Kenya. From the findings, it was evident that the company's strength comes from the fact that the employees know the company's policy and regulations and abide by this. This helps the employees to manage their day to day work and changes in the business effectively. The company has strength in a well-recognized brand which makes the employees want to identify with.

Due to years of experience in the industry it has provided the means to lay out a good foundation for new and existing entrants. Though there is need for further training on staff after

ISSN: 2581-4664

implementation of strategy. There are also opportunities for the bank as a trusted bank for many years they can effectively enter any financial market or service providers. However, the study did not focus on strategic management practices but rather it focused on examining the factors affecting implementation of the strategies.

8.RESEARCH METHODOLOGY

The study adopted descriptive survey research design. In descriptive research, the purpose is to produce an accurate representation of persons, events or situations while explanatory research focuses on studying a situation or a problem in order to explain the relationships between variables (Creswell, 2013). The target population of the study will focus on three sugar processing factories that is Muhoroni and Chemelil in Kisumu County and Mumias in Kakamega County. The target population for this study will be top management, middle-level management and lower level management. These are about 54 persons in the three firms. This population is chosen because it will be highly accessible given that most have their offices within the factory premises. Censnus sampling was used where all the respondents were involved in the research. The study used self-administered questionnaires as data collecting instruments. Closed ended items were used in the questionnaire. The selection of these tools was guided by the nature of data to be collected, time available and the objectives of the study. Questionnaires were tested for validity and reliability. Cronbach's alpha was used totest the reliability of the questionnaire. Data was edited and coded before entering the same into the computer software, Statistical Package for Social Sciences (SPSS). The data was then analyzed using both descriptive and inferential statistical methods. The descriptive statistics involved the use of frequencies and percentages which helped provide the basic characteristics of the data. Inferential statistics involving the use of correlation and multiple regression were used to determine the nature of the relationship between the variables.

9. DATA ANALYSIS AND PRESENTATION

The researcher sent out a total of 54 questionnaires to the staff of the sugar companies in Western Region Kenya**.** Out of the 54 questionnaires, 42 were duly returned in time for data analysis representing a response rate of 78%.

9.1 Descriptive Statistics

9.1.1 Policy development

Table 4. 1: Policy development

	SA	A	N	D	SD	(mean) µ	s.d (ɗ)
All management members are involved in policy formulation in our firm	25(60%)	11(26%)	6(14%)	0(0%)	0(0%)	4.45	0.458
We ensure that the policy development derives input from all members of the	23(55%)	10(24%)	9(21%)	0(0%)	0(0%)	4.33	0.482

Vol. 1, No. 06; 2018
ISSN: 2581-4664

firm							
All management members try to agree on policy positions before allowing the firm to adopt them	16(38%)	18(43%)	8(19%)	0(0%)	0(0%)	4.19	0.598
There is periodic policy analysis in our firm	18(43%)	19(45%)	5(12%)	0(0%)	0(0%)	4.33	0.502
Our policy analysis is meant to ensure that the policy implementation aligns with the firm's strategic objectives	24(57%)	18(43%)	0(0%)	0(0%)	0(0%)	4.57	0.932
We make contingencies in our policies to allow for new developments on emerging issues	22(52%)	16(38%)	4(10%)	0(0%)	0(0%)	3.87	0.628
We make contingencies to cushion our policy decisions where there are gaps and shortfalls	14(33%)	12(29%)	8(19%)	8(19%)	0(0%)	3.44	0.811
Overall mean						**4.17**	**0.630**

The respondents agreed that the policy development in the sugar companies in Western Region in Kenya is good for the performance of the organizations (mean 4.17, SD = 0.630). On policy development, the respondents indicated that All management members are involved in policy formulation in our firm had 25(60%) of the respondents strongly agreeing, 11(26%) agreeing, and 6(14%) being neutral. We ensure that the policy development derives input from all members of the firm had 23(55%) of the respondents strongly agreeing, 10(24%) agreeing, and 9(21%) being neutral. All management members try to agree on policy positions before allowing the firm to adopt them had 16(38%) of the respondents strongly agreeing, 18(43%) agreeing, and 8(19%) being neutral. There is periodic policy analysis in our firm had 18(43%) of the respondents strongly agreeing, 19(45%) agreeing, and 5(12%) being neutral.

Our policy analysis is meant to ensure that the policy implementation aligns with the firm's strategic objectives had 24(57%) of the respondents strongly agreeing, and 18(43%) agreeing. We make contingencies in our policies to allow for new developments on emerging issues had a total of 22(52%) of the respondents strongly agreeing 16(38%) agreeing, and 4(10%) being neutral. We make contingencies to cushion our policy decisions where there are gaps and shortfalls had 14(33%) of the respondents strongly agreeing, 12(29%) agreeing, 8(19%) being neutral, and 8(19%) disagreeing.

ISSN: 2581-4664

The results concur with those of Nabwire (2014) who examined factors affecting implementation of strategy using evidence from the Barclays Bank of Kenya. From the findings, it was evident that the company's strength comes from the fact that the employees know the company's policy and regulations and abide by this. This helps the employees to manage their day to day work and changes in the business effectively. They also agree with Omondi, et. al. (2013) who investigated factors affecting effective strategy implementation for attainment of Millennium Development Goal by international reproductive health non-governmental organizations in Kenya. The study revealed that the superior strategies did not produce the best performance when not successfully implemented due to policy regulations, managerial competencies and resource allocation.

9.1.2 Organizational Performance

Table 4. 2: Organizational Performance

	SA	A	N	D	SD	(mean) µ	s.d (ɗ)
Our organization experienced high budget variances in the last reporting period	32(76%)	10(24%)	0(0%)	0(0%)	0(0%)	4.76	0.868
Based on the last audit report, our firm performed well	0(0%)	13(31%)	10(24 %)	9(21%)	10(24 %)	2.57	0.558
All of our strategic plans are completed in good time	14(33%)	21(50%)	7(17%)	14(33 %)	21(50 %)	2.19	0.562
We have accrued very minimal debts in the last 3 years	0(0%)	13(31%)	7(17%)	3(7%)	19(45 %)	2.17	0.503
All funds are often allocated adequately as per the votes	4(10%)	0(0%)	10(24 %)	14(33 %)	14(33 %)	2.23	0.833
0We seldom request for extra funding for our projects as we are able to keep within the budget	0(0%)	2(5%)	11(26 %)	17(40 %)	12(29 %)	3.01	0.976
We have been able to achieve most of our performance targets in good time	0(0%)	7(17%)	5(12%)	16(38 %)	14(33 %)	3.33	0.874
Overall mean						**2.89**	**0.739**

The respondents agreed that the organizational performance in the sugar companies in Western

Region in Kenya is fair (mean 2.89; SD = 0.739). Our organization experienced high budget variances in the last reporting period had 32(76%) strongly agreeing, and 10(24%) agreeing. Based on the last audit report, our firm performed well had 13(31%) of the respondents agreeing, 10(24%) being neutral, 9(21%) disagreeing, and 10(24%) strongly disagreeing. All of our strategic plans are completed in good time had 14(33%) of the respondents strongly agreeing, 21(50%) agreeing, 7(17%) of the respondents being neutral, 14(33%) disagreeing, and 21(50%) strongly disagreeing. We have accrued very minimal debts in the last 3 years had 13(31%) of the respondents agreeing, 7(17%) being neutral, 3(7%) disagreeing, and 19(45%) strongly disagreeing. All funds are often allocated adequately as per the votes had 4(10%) of the respondents strongly agreeing, 10(24%) being neutral, and 14(33%) disagreeing and strongly disagreeing, respectively. We seldom request for extra funding for our projects as we are able to keep within the budget had 2(5%) of the respondents agreeing, 11(26%) being neutral, 17(40%) disagreeing, and 12(29%) strongly disagreeing. We have been able to achieve most of our performance targets in good time had 7(17%) of the respondents agreeing, 5(12%) being neutral, 16(38%) disagreeing, and 14(33%) strongly disagreeing.

9.2 Correlation Analysis

In this subsection a summary of the correlation analyses is presented. It seeks to first determine the degree of interdependence of the independent variable and also show the degree of their association with the dependent variable separately. These results are summarized in Table 4.9 below.

Table 4. 3: Correlations between the independent and the dependent variables

		Policy development
Organizational performance	Pearson Corr.	.522**
	Sig. (2-tailed)	.000
**. Correlation is significant at the 0.01 level (2-tailed).		

The analysis further indicated that policy development had a positive relationship with organizational performance of sugar companies in the Western Region in Kenya ($r=0.522$, $p<0.05$). This could also imply that policy development contributed to organizational performance of sugar companies in the Western Region in Kenya whereby if Policy development were improved Organizational performance of sugar companies in the Western Region in Kenya would as well improve at a strong positive relationship. The result agrees with that of Kakunu (2012) who investigated factors influencing strategic management practices among Commercial Banks in Kenya. The study found that all the banks maintained policy manuals which were relevant to the employees' activities. The study also found that in terms of understanding and support to formal policy development and implementation, the ones that ranked highest were the executive directors then the board of directors and finally the employees. The results underscore that as much as the policies were engendering productivity, their development and implementation was largely the preserve of the top management.

10 CONCLUSIONS AND RECOMMENDATIONS

The study also concluded that policy development influences the organizational performance of sugar companies in the Western Region in Kenya. The study found that policy development influences organizational performance of sugar companies in the Western Region in Kenya as policy development is positively correlated with organizational performance. The study finds that policy development influences the organizational performance of sugar companies in the Western Region in Kenya. The study found that policy development influences organizational performance of sugar companies in the Western Region in Kenya as policy development is positively correlated with organizational performance. From the model, it is seen that policy development leads to increase of organizational performance. The study thus recommends that the sugar companies in Western Region in Kenya improve on the policy development characteristics in order to enhance their performance.

REFERENCES

Alderfer, C. (2003). Letter from the Editor. *Journal of Applied Behavioral Science, 39*, 357-359.

Askarany, D. & Yazdifar, H., (2012). A comparative study of the adoption and implementation of target costing in the UK, Australia and New Zealand. *International Journal of Production Economics*, *135*(1), 382-392.

Barney, B. (2002). Is the resource based 'view' a useful perspective for strategic management research? Yes, *Academy of Management Review*, *26*(1), 41-56.

Coulter, M. (2005). Strategic Management in Action. (3rd Edition). Upper Saddle River, NJ: Pearson Prentice Hall.

Creswell, W. (2011). Research Design: qualitative, quantitative and mixed approaches (3rd edition) (Thousand Oaks, Sage)

Gichunge, M. (2010). The Effect of Formal Strategic Management on Organizational Performance: A study of selected Medium Sized Manufacturing Enterprises in Nairobi, Kenya, *Human Resource Management*, *33*(4), 11–24.

Government of Kenya. (2007). National Adaptation Strategy for the Sugar Industry. Government Printer, Nairobi.

Hammonds, H. (2011). Michael Porter's Big Ideas. (F. Company, Ed.) Retrieved from Fast Company: http://www.fastcompany.com/online/44/porter.html.

Harika, V. (2012) Theories of Labour Welfare. Retrieved from: htt://www.scribd.com/doc/52987735/2/THEORIES-OF-LABOUR WELFARE.

Hill, L., & Jones, R. (2011) *Strategic Management Theory: An Integrated Approach*, (10th Ed.) Cengage Learning.

Islam, Z., & Siengthai, S., (2009). A Dilemma of Definition and Measurement of Organizational Effectiveness in Higher Education, SAARC Journal of Human Resource Development of organizational effectiveness. National Center of Higher Education Management

Kakunu, M. (2012). Factors Influencing Strategic Management Practices Among Commercial Banks in Kenya.

Kariuki, G. (2012). An Assessment of Internet Usage on Small and Medium Enterprises (SMEs) in Nakuru Town Constituency. *International Multidisciplinary Journal*, *2*(3), 52–64.

Karoki, N. (2016). Influence of Strategic Management Practices on the Performance of Christian Churches in Nairobi, Kenya. Unpublished Masters Thesis, University of Nairobi

Kenya Sugar Board (KSB) (2015). Kenya Sugar Industry Strategic Plan, 2010-2014

Manguru, W. (2011). Influence of Strategic Management Practices on Performance of Naivas Limited. *Unpublished Masters Thesis, University of Nairobi*

Maroa, G., & Muturi, W. (2015). Influence of Strategic Management Practices On Performance of Floriculture Firms in Kenya: A Survey of Kiambu County, Kenya. *International Journal of Economics, Commerce and Management United Kingdom*, *3*(7), 497-513

Mougbo, S. (2013). The Impact of Strategic Management on Organisational Growth and Development (A Study of selected Manufacturing Firms in Anambra State). *IOSR Journal of Business Management*. *7*(1), 24-32.

Nabwire, M. (2014). Factors Affecting Implementation of Strategy: a Case Of Barclays Bank Of Kenya. Unpublished Masters Thesis, United States International University

Nag, R.., Hambrick, D., & Chen, M (2007). "What is strategic management, really? Inductive derivation of a consensus definition of the field" (PDF). *Strategic Management Journal 28* (9): 935–955

Ndegwa W. (2013). Strategic Control Systems In Strategy Implementation And Financial Performance Of Bamburi Cement Limited, Kenya. *Unpublished Masters Thesis, University of Nairobi.*

Nickols, F. (2016). Strategy, Strategic Management, Strategic Planning And Strategic Thinking

Nmadu, M. (2007). "Strategic Management in some Nigerian Businesses: A business reality". *Journal of Management Research and Development*, *1*, 17-23

Nyariki, N. (2013). Strategic Management Practices as a Competitive Tool in Enhancing Performance of Small and Medium Enterprises in Kenya. *Interdisciplinary Journal of Contemporary Research in Business*, *1*(2), 65–70.

Omondi, P., Ombui, K., & Mungatu, J. (2013). Factors affecting effective strategy implementation for attainment of Millenium Development Goal by international 50 reproductive health non-governmental organizations in Kenya. *The TQM Journal* , *25*(5), 507-519.

Otieno, G. (2010). The Role of Balanced Scorecard as a Strategic Management Tool in Kenya Commercial Bank. *Journal of Modern African Studies*, *1*(1), 25–32.

Pearce. A. & Robinson, B. (2008). *Strategic Management: Formulation, Implementation Control*, (10th Edition). Prentice Hall.

Plance, A. (2015). The Effect of Strategic Management Practices On Performance of Savings and Loans Companies in Kumasi. *Unpublished Masters Thesis, Kwame Nkrumah University of Science and Technology*

Richardson, B. (2005). *In Defense of Business Planning: Why and how it still works for small firms and corporations of small business units.* New York: Routledge.

Teece, J. (2000), *Managing intellectual capital: Organizational, strategic and policy dimensions*, Oxford University Press, Oxford and New York.

Tesot, C. (2012). Effects of Strategic Management Practices on Performance of Coffee

Development Fund, Kenya. *International Journal of Business Performance Management, 2*(3), 45–49.

Tsuma, L. (2013). Impact of Strategic Change on Employee Performance at the Ministry of Finance, Kenya. *International Journal of Business and Management Invention, 3*(1), 5–10.

Wheelen, L., & Hunger, J. (2006). *Concepts in Strategic Management and Business Policies* (10^{th} Ed.). New Jersey: Pearson Education Inc.

Wheelen, L. & Hunger, J. (2008). *Strategic Management*. Addison-Wiley Publishing Company.