

**INVESTIGATING THE IMPACT OF STRATEGIC DECISION MAKING ON
ORGANIZATIONAL PERFORMANCE AT MUKWANO GROUP OF COMPANIES,
KAMPALA, UGANDA.**

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ABSTRACT

The purpose of this study is to determine if the traditionally held view of the strategic management process where strategic decision making had once been entrusted solely to the organization's top management was still valid. Historically, only those in senior leadership positions within the executive office were felt to understand and employ strategic literacy in order to possess the skill, knowledge, and expertise to most effectively formulate corporate strategy and make strategic decisions. The decision-making styles and strategies of organisations play significant roles in their competitive advantage and the achievement of superior performance. The purpose of this study is to explore the effect of decision-making styles on the strength of the relationship between competitive strategy and organisational performance among large construction organizations. The purpose of the present study was to extend the foundational work of Wooldridge and Floyd from their 1990 study, using the modified. To look at the significance of additional employee involvement in the strategic decision making process as it correlates to organizational performance

Keywords: Strategic, Decision Making, Organizational Performance

1.1 Background to the Study

According to Torset (2002), most of the extensive reviews within the last 20 years aimed at developing a specific approach of the strategy decision-making process concluded that there is a multidimensional nature to the strategic decision-making process, being more comprehensive by embracing a more processual and contextual approach. Many researchers have shown that strategic decision making is no longer the exclusive domain of senior leadership (Wooldridge & Floyd, 1990; Floyd & Wooldridge, 1992, 1996, 1997, 2000; Torset, 2002; Anderson, 2004; Pappas, Flaherty, & Wooldridge, 2003; Pappas, Flaherty, & Wooldridge, 2004; Pech & Durden, 2004).

The idea of including other employees within the strategic decision-making process below the level of senior leadership is felt to be critical to organizational performance. Torset (2002) argued that a contextual transformation is taking place within the discipline of strategic management. One of the most important contributions of the strategy process literature lies in the recognition of the role of multiple levels in the organization. Beginning in 1983, Burgelman changed the use of the term decision-maker, once referring only to top managers, instead, to refer to other organizational participants in the strategic process.

Historically, the traditional view of the strategic management process, specifically strategic decision making, has been entrusted solely to the organization's top management team (TMT) (Hatten & Rosenthal, 2002; Pappas, Flaherty & Wooldridge, 2003; Pappas, Flaherty, & Wooldridge, 2004; Watson & Wooldridge, 2005). Only those in senior leadership positions within the executive office were felt to understand and employ the concept of strategic literacy in order to possess the skill, knowledge, and expertise in order to most effectively formulate corporate strategy and make strategic decisions (Torset, 2002). Pech and Durden (2004) argued that "many organizations fail because of weaknesses in the decision processes of their leaders"

Pound argued that "most performance crises are not because of incompetence or wayward managers, but because of failure of judgment" (Crossan, Fry, & Killing, 2005, p. 121) believing that strategic thinking is needed throughout the organization, not just at the top. As a result, there has been a shift within strategic management in terms of strategic decision making, where the traditional decision-making paradigm has undergone a transformation.

In this sense, strategic decision making is a subset of the overall strategic management process itself of which leadership is of paramount importance. While part of the same whole, there are subtle distinctions that will be discussed moving forward as it specifically relates to strategic decision making. Business and corporate leadership now embraces the concept of inclusiveness as put forth by Floyd and Wooldridge (1997). The new age of the knowledge worker has emerged where all knowledge is important and of strategic value to the organization's leadership (Kaufman, 2003; Holt, Self, Thal, & Lo, 2003; Raelin, 2004; Peters, 2005).

Involvement of additional employees needs to be included in the strategic decision-making process to include this knowledge, regardless of where the knowledge comes from or who possesses it, in order for an organization to sustain competitive advantage in the global marketplace. Bass (1990) referred to this as expert power as "the ability to administer to another person information, knowledge or expertise [where] we accept readily the influence of those who we accept as experts" (pp. 233-234). Research demonstrates that an effective strategic decision-making process that embraces this inclusiveness of all relevant employees is an important feature to the subsequent success of the strategic process of the organization and is lacking within many of today's organizational leadership structures (Floyd & Wooldridge, 1997).

A convincing argument can be made for "the success or failure of great enterprise depend[ing] on the quality of [its] leadership and governance" (Gandossy & Sonnenfeld, 2004, p. 63). The failure of senior leadership is due to their inability to make objective and informed strategic decisions. Pech and Durden (2004) argued that members of senior leadership were perhaps either unwilling or unable to fully use the existing knowledge of employees because much of the knowledge remained within the minds of the employees, never gaining voice in the process. This knowledge is believed to be vital to the leadership of the organization with regard to the strategic decision-making process, ultimately affecting the organization's performance and ability to survive and maintain a competitive advantage (Wu, 2002; Raelin, 2004).

The 2004 American Management Association's (AMA) Importance of Leadership survey cited the increasingly competitive business environment as the number one reason leadership continues to be of paramount importance in strategic management. A more decentralized decision-making style was identified as the second most important reason (American Management Association, 2004). The findings of the AMA puts forth and establishes a

contemporary foundation for the present study, giving credence to the significant value and timeliness of looking at the possible correlations of leadership within strategic decision making to organizational performance.

1.2 OBJECTIVES OF THE STUDY

- a. To find out the involvement-performance involvement in the strategic decision- making process and organizational performance in Mukwano group of companies.
- b. To find out the impact of strategic decision making on organizational performance in Mukwano group of companies.

1.3 PROBLEM STATEMENT

The belief that strategic decision making is the sole province of top management is a problem. Peck and Durden (2004) believed that this “weakness in the decision process of organizational leaders results in organizational failure. The lack of inclusion of other employees within the strategic decision-making process potentially ignores essential information of strategic value and importance to the organization. According to a study, *The Strategy Process, Middle Management Involvement, and Organizational Performance* by Wooldridge and Floyd (1990), the involvement of middle management in the strategic process is positively associated with measures of organizational performance (Wooldridge & Floyd, 1990). The intent for this quantitative correlational explanatory study was to extend the foundational work of Wooldridge and Floyd, using the modified ., to examine the involvement of employees below the level of middle management. The present study focused on the next level of management, frontline managers, and the affect that their inclusion has upon the strategic decision making process as it relates to organizational performance within large Fortune 1000 firms throughout Uganda.

The purpose of the present study was to look at one level below middle management to the frontline manager (FLM). Future research should extend this study even further to the final level of employees within the organization, the frontline employees (FLE). This additional research would complete the study at all levels of the organization and analyze how involvement within the strategic decision-making process may affect organizational performance.

1.4 METHODOLOGY

1.4.1 Research design

It is believed that the acceptance and historical use of the consensus type of instrument and extending this technique to ask the experts as if they represent the aggregate whole is found to be acceptable due to ease of administration, cost factors, and the reliability of the instrument (Bond & McCracken, 2005). A 15-question survey instrument was used, based on a 1990 foundational study by Wooldridge and Floyd. The survey instrument used a seven-point Likert-type scale as a basis for the response format ranging from “Fully Involved” to “Not at All Involved”. The following guidelines were followed in developing the survey.

1.4.2 Population of the study

Population The population sample in the present study were external human resource consultants throughout the Mukwano group of companies who use the 360-degree management review process, whose client base focuses on large, highly bureaucratic organizations 25 external human consultants were invited to participate in the study, where it was asked that each of the human resource consultants would choose one or two firms that they represent. Data for companies that these external consultants represented were obtained.

1.4.3 Sample size

Due to the uniqueness of this study where a very specific sample population is required in order to preserve the integrity and exact replication of the Wooldridge and Floyd 1990 study, random sampling was not possible. Instead, a purposeful sampling procedure was used (Creswell, 2002), where external human resource consultants were chosen in order that experts, in this case human resource consultants, could be asked regarding their opinions 50 clients they represent. These human resource consultants were chosen through independent public websites where personal names were listed. Consultants were not chosen based on any particular organization for which they worked.

1.4.4 The purpose of the study

The purpose of this quantitative, correlational, explanatory study is to analyze the involvement of other employees within the strategic decision-making process of senior leadership to examine the relationship between the involvement of these employees below middle management, specifically frontline managers, and organizational performance. The intent of this study was to replicate retrieving data by using a modified version of the expert opinions of external human resource consultants were used who represent 100 companies throughout.

1.4.5 Design

A quantitative correlational method was appropriate for the present study because this method is the well-recognized standard that is used to study research problems to explain the relationship among variables and their degree of association (Creswell, 2002). In the present study, the objective was to examine the relationship of middle management involvement to organizational performance and to examine if this relationship can be extended to the next level of the organization. An exploratory research design was appropriate because it uses “a correlational design in which the researcher is interested in the extent to which two variables co-vary” (Creswell, 2002, p. 363). Understanding these relationships could provide valuable insights to leadership practice with regard to strategic decision making and inclusion of multi-levels of employees and is the reason why this particular research method and design was the optimum choice for this research study.

1.4.6 Scope of the study

Geographic scope.

The Group's headquarters are located on Mukwano Road (Bypass Road), in the Central Division of Kampala, Uganda's capital and largest city. The coordinates of the company headquarters are: 0°18'45.0"N, 32°35'27.0"E (Latitude:0.312500; Longitude:32.590840).The human resource consultants chosen were specifically selected throughout the companies, whose client base focuses on large, organizations.

Time scope

The research took a period of 3 months and this is enough for the researcher

1.4.7 Data Collection

The data was collected by mailing the re-created survey instrument via the to a non-probability sample of pre-selected human resource consultants who use the 360-degree management review technique and have agreed to participate in a study of this kind.

The first group of surveys were mailed to participating human resource consultants in order to obtain the required $N = 40$ since “the response rate for mailed questionnaires is often cited as 50% or better” (Creswell, 2002, where a minimum of 30 is required for an appropriate sample size for this correlational study. These surveys were then returned to the researcher via the Mukwano Group of Companies with prepaid, self-addressed, stamped envelopes for data analysis within two weeks of the original date of the cover letter.

1.4.8 Review of Data Collection Procedures

A quantitative, correlational method was appropriate for the present study as it is a well recognized standard that is used in the study of research problems seeking to identify relationships between variables and their degree of association (Creswell, 2002). In the present study, the objective was to examine the relationship between middle management involvement and organizational performance and to determine if this relationship could be extended to the next lower level in the management hierarchy of the organization, the frontline manager. Understanding of these relationships was sought to determine if valuable insights could be gained for leadership practice with regard to strategic decision making and inclusion of multi-levels of employees.

In addition, the results of the present study were examined to determine if they could support a new method of collecting data; thereby providing a unique approach to studying multiple layers of organizational employee involvement a widely accepted and used technique, particularly within the medical community, to gain opinions from experts about a particular subject within their areas of expertise (Murrow, 2005). For purposes of the present study, a modified version

was used to analyze the opinions of external human resource consultants, hired by organizations for their specific expertise in the area of human resource consulting.

1.4.9 Limitations

The following limitations of the present study included;

- a. A non-probability sampling of external human resource consultants because this population “satisfactorily met the sampling objectives
- b. It was not cost effective or time efficient to survey all members of the organizations that the human resource consultants represent, potentially numbering in the hundreds of thousands, where the total population would not be available for study;
- c. The population of 100 companies that human resource consultants represent; 4) the number of participants surveyed;
- d. The limited amount of time available to conduct the study
- e. Instrument validity is limited to the reliability of the survey instrument used.

1.5 DATA ANALYSES

Data Analysis research refers to the ability to discover relationships between variables. “Investigators use a correlation statistical technique to describe and measure the degree of association [or relationship] between two or more variables” (Creswell, 2002, p. 361). Through the use of correlational analysis, the Pearson correlation coefficient r was used to correlate the independent variable of involvement of various levels of organizational employees with dependent variables of performance metrics as used in the 1990 Wooldridge and Floyd survey. The Pearson r correlation coefficient is “used to determine the magnitude of association between two variables and to detect the direction of a relationship. It can also establish construct validity. The statistic is used to test theories when researchers collect data to confirm or disconfirm hypothesis” (Creswell, 2002, p. 371). These statistical methods are appropriate because Pearson’s r was the same correlational statistic used by Wooldridge and Floyd in their 1990 study (Wooldridge & Floyd, 1990).

1. 6 FINDINGS

The research findings from the present study. The purpose and intent for this quantitative, correlational, explanatory study was to verify and extend the foundational work of Wooldridge and Floyd (1990), collecting data by using a new, modified, ask-the-experts where expert opinions of external human resource consultants were used to examine the involvement of organizational employees.

The present study focuses on all levels of management, particularly frontline managers, and the effects that their inclusions may have upon the strategic decision-making process as it relates to organizational performance.

The intent of the present study was to determine if involvement of lower-level organizational employees could be correlated to organizational performance. The independent variables were coded by the following six organizational levels: (6) CEO, (5) TMT, (4) MM, (3) OM, (2) FLM, and (1) FLE, and then compared, using statistical correlations to the dependant variable (s).

Data analysis includes individual data points for each of the five levels of management for five independent variables and five dependant variables, for which the questions in the survey instrument derived information for a final determinant

Data was analyzed using SPSS 14.0 software and using Pearson's r , Kendal's τ , and multiple regression statistical techniques. Organization of this chapter includes: 1) an introduction; 2) review of data collection procedures; 3) the survey and response rate; 4) data coding and analysis; 5) discussion of demographics; 6) presentation of data findings; 7) survey results; 8) drawing conclusions and presenting noteworthy data; and 9) summary.

1.7 CONCLUSION

The conclusions that can be drawn from the research results in the present study indicate that there is no support for Hypotheses H1 and H2, as there were no significant correlations or relationships found, neither confirming research that Floyd and Wooldridge found during their 1990 to the level of middle management nor with regard to correlation matrices in the present study. The purpose of the present study was to see if the relationship found in their original study could be extended to the next level of frontline management.

According only to the results of the present study, a correlation was not found. This does not, however, imply the need to dismiss the intent or purpose of the present study completely as no definitive proof either way was determined.

The conclusion to reject both hypotheses seems to be indicated from the present study. However, as has been presented, limitations to the present study warrant further discussion and study

1.8 RECOMMENDATIONS

Recommendations for further study include: 1) replication of the present study using different types of external consultants; 2) creation of a similar study where the proxy sample is compared directly to the actual employees within an organization, at the same time where there is a one-to-one correlation between presenting surveys to all employees within the company and comparison directly with the opinions of the HR experts; 3) increase time with the design of a longitudinal study allowing a comparison of organizational performance over time to isolate the specific expertise in play; 4) increase of sample size; 5) redesign of questionnaire wording in order to capture the actual involvement of employees as put forth by HR consultants as opposed to HR consultants believing that they had to represent involvement for what employees might react; 6) use of a different sample population size; 7) inclusion of questions to address globalization influences; 8) investigation of employee educational development; and 9) the ability to capture or identify the structure of organizations participating in the study to account for the influence of flatter organizations with the elimination of many management levels within the organization. Questions that are raised by the results, i.e. why 30 years of research within strategic decision making that suggests the concept of inclusiveness (Floyd & Wooldridge, 1997) and the importance of human intellectual capital (Peters, 2005) failed to provide significant results, need to be explored and examined further.

Technique, a study would need to be created where a survey of all employees of an organization could be compared directly, side-by-side, with HR experts for direct comparison and correlation. This would provide specific data that were not asked in the original study, such as exact company name, exact sales figures, and further specific data. HR consultants were asked to estimate according to their opinions leaving a huge margin of error for interpretation, variation, and wrong estimates. While these exact data points would be ideal to learn and statistically

analyze, the challenge remains as to whether or not participants would be willing to provide such personal and potentially confidential data, thereby potentially compromising the anonymity aspect of the present study. By creating a concurrent mixed methods study simultaneously, explanation could be offered both qualitatively and quantitatively as to the exact validity of the correlation of HR opinion and accuracy as a proxy sample

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