

Strategic Management And Leadership Key To Organisational Performance: Findings From Zimbabwe

Mr. Major Bhebhe

Affiliated to University of Portsmouth, Portsmouth, P01 2PR, U.K. Po., rUtsmouth PO1 2PR,
E-Mail : majorbhebhe@gmail.com

Abstract: This paper examines the application and implementation of strategic management frameworks by strategic leaders of corporations and its role in the success or failure in corporate sector in Zimbabwe. The success will depend on understanding strategy and having effective leadership. An overview of collapsed companies in Zimbabwe revealed that poor application of strategic management principles, lack of understanding of the impact of the environmental changes, organisational capabilities and shareholder expectations and purposes on strategy, the importance of setting objectives and establishment of strategies to achieve the objectives, coupled with poor leadership skills and poor financial management was the main cause of businesses collapsing. The understanding of organisation's position in the environment, the determinants of strategic capability, resources and competences, the factors that shape organisational purposes, corporate governance, business ethics and the cultural context, structure and management of change was lacking in most of these companies. The study is based on a questionnaire survey obtained from employees of 10 failed companies and 5 declining companies on the verge of collapse. The study indicates that managers of these organisations have little or no knowledge of strategy as a whole and its importance in sustaining the business.

Keywords: management frameworks, organisational performance, strategic leadership, , diversification

1. Introduction

In today's dynamic economic situation every company manager should understand the environment the organisation is operating in, make good strategic choices of products, industry, understand the markets to pursue and how to pursue these strategies, having good organisational structures and be able to manage strategic change. Strategic Management writers like Thompson, 2004 and Johnson, Whittington, Scholes, Angwin, Regner, 2014 have come up with strategic frameworks to help understand the environment, make strategic choices and implement the chosen strategies. In their books they outline these frameworks to help management make informed decisions in terms of the market competitiveness, how to diversify and when to, which products to develop and evaluate strategies for suitability, acceptability and feasibility of the success or failure of the strategies. Table 1 shows the frameworks and what they used to understand. In Zimbabwe 150 companies closed in the 1st quarter of 2016 and the so-called parastatals are on the verge of collapse namely Air Zimbabwe, Cold Storage Commission, National Railways of Zimbabwe, Tel-One Hwankei Colliery Co. and seven Banks in the Financial services sector closed in the last five years. All the parastatals have enjoyed monopoly meaning no competition but management failed spectacularly. Recent studies by [2] on Strategic Management have revealed that most organisations fail because of poor strategic leadership. Other studies have focused on poor financial management resulting in a model called Accounting for the Future-AFTF [6]. The focus has been fraud, greed, accounting systems failure and management failures. My research aims to focus on Business Acumen, Ethics and understanding of Strategy.

1.1 Limitations of Research Methodology

Due to the nature of the businesses being researched getting interviews from Chief Executives has been not forthcoming and I conclude that they may not be willing to divulge the much needed information as to why the businesses are collapsing.

2. Findings

The evolution of SM has been the focus of qualitative and quantitative research. There has been empirical studies on strategic planning [17]. Process of strategy formulation ([18,19], [2]) on Strategic Management have revealed that most organisations fail because of poor strategic leadership. Other studies have focused on poor financial management resulting in a model called Accounting for the Future-AFTF [6]. The focus has been fraud, greed, accounting systems failure and management failures. My research aims to focus on Business Acumen, Ethics and understanding of Strategy. I am hoping to find out if Management are acquainted with [5]) management principle that positioning an organisation relative to its competitors such that it outperforms them, Close to the Customer [19] [6,7,8] have researched on this topic and have highlighted a good number of reasons behind corporate failure ranging from greed, accounting systems failure, management failure to fraud. Recent studies on Strategic Management have acknowledged that most companies fail because of poor strategic leadership [2]. Previous studies have focused on poor financial management resulting in a model called Accounting for the Future-AFTF [6], but have not gone deep to unearth the failings from a strategic management point of view. It will also allow me to investigate the strategic management principles as being positioning of an organisation relative to its competitors such that it outperforms them [5]. I hope to build on Peters and Waterman 1982 findings "Close to the Customer, Managers who know what customers want and provide it better than competitors."

2.1 Current Research

Managers today need to understand and apply a variety of SM concepts in order to manage their companies successfully. Research methodology in strategic management has developed from single case studies at firm and industry levels on issues such as corporate strategies and firm performance [16] based on some methodological features empirically demonstrated that industry was less important than firm characteristics for firm performance. Research methodology used in strategy has contributed substantially to the development of the strategic management and can make significant contributions to the knowledge and study of administration and strategy fields. Early work in strategic management emphasized single case studies, followed by research on corporate diversification strategy, firm heterogeneity, strategic groups, and generic business strategies. Intermediate work added the foci of environmental determinants and strategic choice, often using secondary data from large, multi-industry firm samples. Recently, the most prominent new theoretical paradigm is the resource-based view of the firm, using smaller sample studies. Future research is likely to integrate and contrast multiple theories and to develop more fine-grained and complex models. Quantitative research will emphasize longitudinal data, dynamic analysis, and greater focus on specific strategic decisions/actions. Future research will use more specialized tools such as panel data analysis, dynamic models of partial adjustment, logistic and Poisson regression analyses, event history analysis, network analysis, and structural equation modelling. Non-traditional research designs will also gain popularity, such as combined qualitative/quantitative data approaches and comparison of outliers [15]. The field of strategic management has developed significantly since its birth from "business policy" and "business planning" in the 1960s. Pioneering studies were essentially normative, prescriptive, and often based on in-depth case studies. The evolution of strategic management into a respected field of academic study resulted from the adoption of research methods previously employed in economics. Today, research in strategic management is likely to employ a mixture of methods borrowed from related and unrelated disciplines, such as political sciences, psychology, neuroscience, and behavioural economics, which can be confusing to researchers new to the field [13,14].

Conducted empirical research to demonstrate the existence of configurations or archetypes that exhibit internal logic, stability and integrity based on what [13] terms the imperatives such as environment, structure, leadership and strategy. However, due to difficulties in data collection and analysis, empirical research in organizational configurations has lagged behind the development of theoretical approaches. Empirical studies of configurations used cross-validation of responses to assess reliability and convergent validity [13]. Case studies are fine-grained research methodologies [12]. Case study methodology has applications to investigate empirical phenomena in real-life contexts. A case study model can be applied to explain and describe complex causal links in real-life interventions, to describe the intervention itself and to explore some situations [4]. A case study can be used to analyse by building an

explanation as a pattern - matching, for exploration send a hypothesis-generating process. One of the characteristics of the research methodology of case studies is that researchers have no control over behavioural events [11]. [Research methods in Strategic Management, 2016]

2.2 Strategic Leadership

It could be argued that successful companies strategically are likely to be those that understand their environment and those that seek to achieve and maintain competitive advantage and good management practices. Strategic analysis or position is about understanding the environment, the organization's resources and capabilities and stakeholders expectations. We need to appreciate and evaluate environmental opportunities and threats and their impact on the organization and the organization's resources must be managed and developed such that they match the needs of the environment. The strategic leader must be aware of the environmental forces and changes and must manage the organization's resources to take advantage of opportunities and counter threats. He should also ensure that the values and culture of the organization are appropriate for satisfying key success factors. This means that managers should always be attentive to changes and make decisions that are both reactive and proactive. Strategic Capabilities is about the organization's resources and competences, best analysed by Swot framework. An effective CEO should be able to manage organization's resources to develop and produce products for the market- achieving the right quality for the right price at the right time. It is the ability of an organization to perform at a level required to survive and prosper and is underpinned by resources and competences of the organization. Some writers on strategy talk of Position audit which is a process that examines the current state of the business's strategic capability. They also talk of Resource audit which is a review of the resources of the organization namely machinery, management, management information, markets, materials, men and women, money etc. If we choose to base our strategy on capabilities, those capabilities must ; Give value to buyers They must be rare They must be robust i.e. difficult for competitors to imitate They must be non-substitutable. Core-Competences are activities that underpin competitive advantage and are difficult for competitors to imitate and obtain. A framework that best analyses effective use of resources and core competences is the Value Chain. It incorporates the value activities. The skills required to lead strategically are:

- The will to create profit and growth
- The ability to perform and get results requires drive and decisiveness
- The ability to analyse strategic problems
- The ability to exercise power and influence and to create change
- The skill to lead effectively and participate in groups
- Physical and mental stamina [3]

Thompson in his book Strategic Management awareness and change gives possible reasons for poor or bad decisions as:

- Tunnel vision, restricting the scope of analysis
- Personal, even selfish, objectives or ambitions

- Lack of information or deliberately ignoring it
- Failure to consider or generate alternatives and lack of creativity
- Inability or reluctance to appreciate consequences of certain actions.
- Indecisiveness

Being strategically aware involves listening being on the ground more than in the office, take action, share with others According to Johnson Scholes and Whittington one of the well know writes on strategy, environment is best analysed by looking at the Macro-environment influences, Industry or sector and competitors and markets. He uses analytical frameworks to analyse these segments. See Figure 1

3.Findings

The aim of this paper is to find the reasons why companies in Zimbabwe are collapsing and some operating below 25% despite the abundance of resources available to them. I look at this from a strategic management point of view and conducted a survey of three organisations that are largely subsidies by the Government. The organisations in question are: Air Zimbabwe, Tel-One and Hwankie Colliery Company. These corporations have enjoyed monopoly for decades. Below are their mission statements: Thompson and Martin ,2005 in their book Strategic Management Awareness and Change define Mission as the essential purpose of the business, why it is in existence Vision represent and reflect the future standing of the organisation. David Collis and Michael Rukstad at the Harvard Business School argue that all entrepreneurs and managers should be able to summarise their organisation`s strategy with a strategy statement. The statement should have three main themes:

- the fundamental goals...Mission, Vision or objectives that the organisation seeks
- the scope or domain of the organisation`s activities
- the capabilities it has to deliver all these (Exploring Strategy,2014)

The success in corporate sector will depend on management`s recognition of the following functions: analysing the environmental changes, selecting the strategists, helping them to think creatively, setting objectives, establishing strategies to achieve objectives, assign responsibilities and implementing the strategies, measuring success and evaluating result. The paper also examines how proper implementation of the strategic management in a business organization can provide a solution to ailing corporate firm. Strategic management is a disciplined approach utilizing the principles and process of management to identify the corporate objective or mission of any business. It determines an appropriate target to satisfy the objective, recognize existing opportunities and constraints in the environment, and devise a way by which objective can be achieved. The performance of any business organization in the competitive economy is highly dependent upon the quality of its management via proper implementation of strategic management [1]Symptoms of decline are not the causes of failure but indicators that a company might be heading

for failure. Symptoms indicate poor strategic leadership, inadequate financial management and lack of competitiveness. Some writers have defined Strategy as the positioning and relating of the organisation to its environment in a way which will assure its continued success and make it secure from surprises [2, 10] argued that Strategic Management involves the following:

- a clear awareness of environmental forces and the ways in which they are changing
- an appreciation of potential future threats and opportunities
- decisions upon appropriate products and services for clearly defined market
- the effective management of resources to develop and produce these products for the market. Achieving the right quality for the right price at the right time.

Thompson further highlights the qualities of a strategic leader to implement the above principles that he should be someone together with his management team be clear about where the organisation is going, where they want to go and how they are going to get there. JSW,2005 in their book Exploring Corporate Strategy defines strategy as understanding the strategic position of an organisation, strategic choices for the future and turning strategy into action i.e. implementation. See Figure 2. I have outlined above what managers need to be aware of in order to run their businesses successfully My survey of the three organisations namely Air Zimbabwe, Hwange Colliery and Tel-One revealed that they are not aware of the above Strategic Management principles and thus the reasons for their collapse or decline together with poor leadership skills.

1. Air Zimbabwe`s Board Chairperson reported that they have not had their financial statements audited and published for the past 8 years. The airline have been banned to fly to Europe due to the state of their aeroplanes. The airline cannot get partnership with other industry players as it`s a requirement to publish financial statements every year. The Chairperson further said some employees have no formal qualification, The airline owes close to \$300 million. This indicates poor leadership lack of awareness of the environment together with ethical and corporate governance issues that have not been present within the structures of the airline .They did not do as they say in their mission statement.
2. Hwange Colliery on the other hand has reported a loss of \$90 million in 2016 (Financial Report 2016}Profits were doing by 41% and production down by 38% form 2015. The Auditors issued a qualified audit report on grounds of going concern issues. Hwange Colliery is the only organisation in its industry sector which mean there is no competition, this is purely poor management of the company, lack of strategic direction and they did not do as they say in their mission statement
3. Tel-One reported a loss of \$24.9 million in 2016 .According to the financial statements published the CEO pointed to depreciation of physical assets and long term loan amounting to \$230 million as the causes of non-profitability. He pointed out that the migration of users from voice calls using landlines to

mobile phones and what sup was another reason for decline in business. If Tel-One management were not aware of the environment in which they operate and did not apply strategic management principles set out above, they should have seen the coming changes in their industry and acted swiftly. It is clear that this is lack of strategic leadership and understanding SM frameworks to apply to analyse the environment

Figure 1: Strategic Management Frameworks

Balanced Score Card	used to analysis stakeholders expectation
Mend low's Grid	used to analyse the objectives of the company
Pestel	used to analyse macro environment factors
SWOT	Used to analyse the internal/external environment
Porters 5 Forces	used to analyse the industry or sector
Porter's Diamond	used to analyse the macro-environment
7S Model	used to analyse resources and competences
Ansoff's Matrix	used to generate, evaluate and select strategic choices i.e where to compete which products and which markets
Porters Generic Strategies	used to analyse how to complete i.e. cost, differentiate and focus
Mintzberg's Configuration	used to analyse org structure and processes
Lewin's Freeze/unfreeze	used to analyse management of change
And Bologun Hope	analyses competitiveness of the organisation, how value is created
The Value Chain	And the effective use of resources and core-competences

(Johnson, Whittington, Scholes, 2005)

Figure 2: A Model of Elements of Strategic Management

1. STRATEGIC POSITION	2. STRATEGIC CHOICES	3. STRATEGY IN ACTION
Environment	Business	Organising
Capability	Corporate	Enabling
Expectations/Purposes	Directions & methods	Managing Change

1. Strategic Position is concerned with the impact on strategy of the external environment, an organisation's strategic capability (resources and competences) and the expectations and influences of stakeholders.
2. Strategic Choices involves the underlying bases for future strategy at both business unit and corporate levels and the options for developing strategy in terms of both directions and methods of development.,
3. Strategy in Action or Strategic Implementation is concerned with ensuring that strategies are working in practice by structuring the organisation to support successful performance, enabling success through people, finance and information technology to support strategies and managing change. [3]

Conclusion

It is evident from my findings that the problems faced by these organisations is largely due of the to poor leadership skills and lack of understanding of the environment in which they operate. Understanding the environment is key so management could respond timely to changes. The managers seem not to be aware or have knowledge of strategic management frameworks to use to help understand the environment and if applied properly they will assist management in diagnosing the state of competition. Managers of these organisations seem not to live to what they say on their mission statements and company objectives, and this has resulted in poor financial performance and gross going concern issues. It is evident from their performance that they have consistently been issued with qualified audit report. In such situations it becomes impossible for the company to get financial assistance for capital investment. The reasons for the poor performance and decline could be due to;

- Changes in the market place were underestimated
- Management had no vision
- Management did not want to adapt to changes in the market place
- Management not well educated in strategic management principles
- Too much bureaucracy
- Liquidity problems and ineffective marketing
- Products are often a reason for the crisis. Expansion of an existing product line is not always a success and can lead to a corporate crisis.
- Ineffective board and Flawed strategies, Dominant and Autocratic Leaders

Recommendations

These organisations need to turn around their businesses and seek management expertise. The Turnaround Strategies are: Changing Prices, Diversification, Refocusing, New Product Development, Retionalise product lines and selling and marketing. These strategies address these areas which must be developed if there is to be sustained recovery. They involve changes in the overall marketing effort i.e. repositioning or refocusing of existing products/services and developing new ones, They bring back results and contribute to longer term growth.

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