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**EFFECT OF CRISIS MITIGATION STRATEGIES ON PERFORMANCE OF SMALL  
AND MEDIUM ENTERPRISES IN THE MANUFACTURING SECTOR IN NAIROBI  
COUNTY**

**WILLIAM MWANGI**



**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR THE AWARD OF MASTER'S OF COMMERCE IN STRATEGIC  
MANAGEMENT AT STRATHMORE UNIVERSITY**


**AUGUST, 2022**

## DECLARATION

I declare that this research project is my original work and has not been previously published or submitted elsewhere for award of master's degree. I also declare that this contains no material written or published by other except where due reference is made and author duly acknowledged.

WILLIAM MWANGI

REG. NO. 114299

SIGN 

Date: .....28<sup>th</sup> August 2022...

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

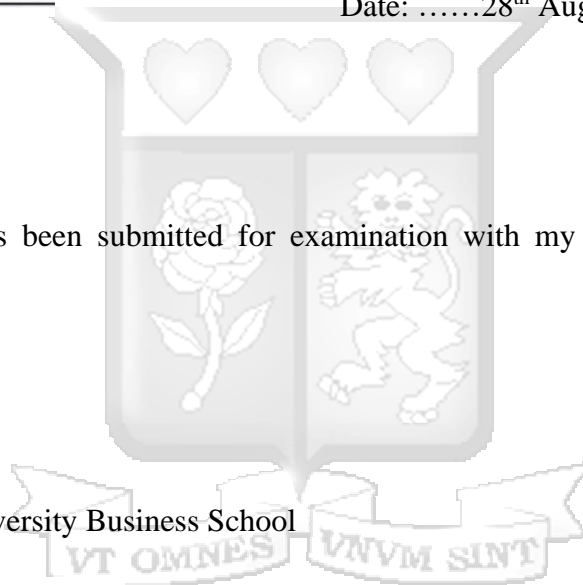
Supervisor:

DR. OLGHA ADEDE

Lecturer, Strathmore University Business School

SIGN 

Date: ..... 28<sup>th</sup> August 2022



## DEDICATION

This project is dedicated to my loving parents for the support and encouragement throughout my studies. Thank you very much for your prayers and sacrifices.



## ACKNOWLEDGEMENT

I truly thank our Almighty God for granting me life, health, and protection throughout the entirety of my academic career. Without God assistance, I could not have reached this point. Special thanks to my supervisor, Dr. Olgha Adede, for her assistance; thank you so much for your direction throughout the preparation of this project report. I would also like to express my gratitude to everyone who proofread my document and provided constructive feedback. I'd also like to thank the professors that guided me through the course units for this program. Thank you for imparting your expertise, which has made me a better person



## ABSTRACT

Across the globe, business entities especially SMEs are increasingly being faced with unpredictable events that include crises which if not timely and effectively managed may constitute to poor organization performance. In Kenya, the high failure rate of SMEs has largely been blamed on poor management of unexpected crises. The purpose of this study was to establish the effect of crisis mitigation strategies on the performance of small and medium enterprises in the manufacturing sector in Nairobi County. The specific objectives of this study were to establish the effect of confrontation mitigation strategies, cooperation mitigation strategies, containment mitigation strategies and preventive mitigation strategies on performance of SMEs in the manufacturing sector within Nairobi County. The study was anchored on Situational Crisis Communication Theory and complimented by Resource Based View. This study employed a descriptive cross-sectional research design. The target population was 228 registered manufacturing SMEs operating within Nairobi City County. The study selected a sample of 144 respondents using Krejcie and Morgan table while stratified random sampling was used to distribute respondents across the sub-sectors. Using a questionnaire, primary data was gathered. The data collected was analyzed using SPSS where descriptive and inferential statistics were conducted. Inferential statistics was conducted using multiple linear regression analysis and correlation analysis. The results of the study were presented and analyzed using frequency tables, figures and inferential statistics. The analysis indicated that there is a positive correlation between confrontation mitigation strategies, cooperation mitigation strategies, containment mitigation strategies, preventive mitigation strategies and performance of small and medium enterprises. The study also indicated that there was strong coefficient of determination between crisis mitigation strategies and performance. The study indicated the challenges which small and medium enterprises encounter and indicated the possible solutions which will improve their performance. The findings of the study were limited to small and medium enterprises in manufacturing sector and thus the study should be carried in other industries which may include service industries. The study experienced the challenge of the respondents not answering the questionnaire within the stipulated time, however the researcher left the questionnaires to the respondents to fill to their own convenient time. The study also experienced Covid-19 restrictions where the respondents were denied entrance in the organizations to meet the respondents. The researcher ensured that all the MOH guidelines were followed.

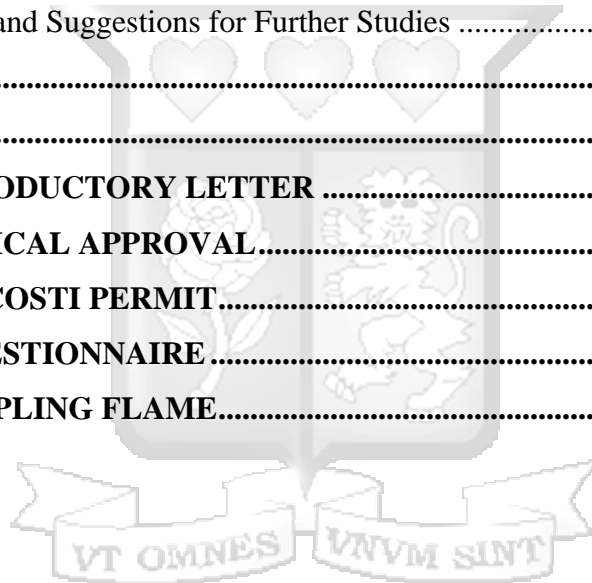
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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Globally, business operate in an erratic and rapidly changing economic environment. Changes in the environment have a tremendous impact on the organizations' survival and success regardless of their size (Tomecko & Dondo, 2012). The subject of crisis management strategy has piqued the interest of the majority of management professionals. According to McConnel (2010), it is only through a crisis management strategy that a business may safeguard itself against threats posed by environmental changes. Roughly 93 percent of enterprises operating in Australia in 2001 were believed to have lowered their turnover (Tomecko & Dondo, 2012).

Crises are events or trends that occur within or outside an organization that are regarded to have the potential to adversely affect the company's performance (Drennan, McConell & Stark, 2015). As environmental volatility increases, crises involving an organization's strategy formulation and implementation become more frequent (Aldao, Blasco, Espallargas & Rubio, 2021). A sound crisis management strategy has a special responsibility for assisting the firm in mitigating the negative effects of the crisis (Gwebu, Wang & Wang, 2018). However, with proper crisis management, the crisis impact can be mitigated (Coccia, 2020). Starting and operating a small medium size enterprise entail both success as well as failure. Due to their tiny size, a small business's failure to implement an effective crisis management strategy will almost certainly result in its closer, leaving no time to learn from previous mistakes (Eggers, 2020).

Increased competition in small and medium-sized firms creates a risk to the industry's overall attractiveness and affects the profitability of the participants in the sector. SMEs are defined as businesses with less than 500 employees (Kungu, Desta & Ngui, 2014). It places pressure on small and medium-sized businesses to be proactive and to establish successful strategies that allows proactive reaction to anticipated and real crises in the environment of competition. It is necessary for SMES to acquire competitive crisis management methods in order for them to be able to effectively respond to and compete in the market. SMES are able to concentrate on areas that provide them an advantage over competitors if they first identify the primary challenges and dangers they face. Eggers (2020) asserts that an effective strategy in crisis management is one that is both strong and difficult to replicate.

Like in any other sector, manufacturing sector in Kenya has experienced crisis from financial crisis of 2008, post-election violence experienced in year 2007-2008, and most recent corona virus pandemic among other crisis. Based on the recent epidemic of the Corona virus, both the government and the private sector are now faced with difficult choices that require them to make a choice between containing the spread of the illness and restoring economic growth. Although the steps used to prevent the transmission of coronavirus are essential to ensuring that the epidemiological curve of Covid-19 is flattened, the disruptions brought about by these procedures make it difficult to maintain business continuity (KAM, 2020). In a survey that was carried out by KAM (2020) to discover the challenges that are faced by businesses, such as labor issues, financial constraints, and challenges in production and firm operations as a result of the imposed curfew and restriction of movements, it was found that these are some of the challenges. The survey found that 91 percent of manufacturers of non-essential goods have seen a significant fall in demand, while only 74 percent of manufacturers of essential goods have experienced the same thing; 42 percent of the firms were operating at less than half their production capacity; the average utilized capacity for SMES is 37 percent; 79 percent are experiencing cash flow constraints, while 86 percent of SMES are experiencing the same thing, which has affected their ability to do business; 42 percent of the firms were operating at less than half their production capacity

### **1.1.1 Crisis Mitigation Strategies**

Bundy and Pfarrer (2015) indicated that organizational crisis is an unplanned event that disrupts the usual operations of a firm and eventually has negative consequences for the organization. Crisis occurs when a series of negative occurrences has the potential to reduce a corporation's expected profits. Crisis mitigation techniques are one-of-a-kind, goal-oriented procedures meant to aid an organization in coping with an unforeseen, significant unfavorable event (Drennan, McConnell & Stark, 2015). One of the elements of the crisis management strategy is detecting a potential problem or threat and coordinating an organizational or inter-organizational response if necessary (Leonard, 2014).

According to EChafee (1984), the strategies for managing crises can be classified as either adaptive strategies, reactive strategies, or proactive strategies. Management often use adaptive tactics in situations when they are attempting to reduce the impact of uncertainty by looking for

reactive solutions to preexisting issues. Increased rivalry in the marketplace poses a risk to the attractiveness of an industry and lowers the profitability of the companies that operate within that sector (Kungu, Desta & Ngui, 2014). The reactive crisis management method is frequently characterized by a panicked or reflexive response. During a time of emergency, the company will lie about what happened, refuse to communicate with customers, and cover up the facts. It takes a position that is not cooperative (Kapucu & Ustun, 2018). Organizations adopt proactive methods in order to take the initiative early on during a crisis and attempt to exert some kind of control over the course of events (Vasicikova, 2019).

Burnett (1998) defined four different types of crisis management methods, which include tactics for preventing crises, strategies for confronting crises, strategies for working with others, and strategies for isolating crises. The goal of crisis prevention measures is to forestall the occurrence of a crisis by institutionalizing the norms and practices required to identify one when it does emerge (Mikulic et al., 2016). The techniques include completing vulnerability audits and reverse engineering the industry crises that have occurred in the past. This may help in averting a crisis that is comparable to the one that has occurred in the past. In order to effectively manage a crisis situation, the management of an organization will frequently resort to confrontational techniques. These tactics involve analyzing the issue with the goal of determining the root cause, as well as collecting enough information that is both reliable and comprehensive regarding the crisis (Luo & Zhai, 2017).

Cooperation tactics involve reducing the impact of a crisis through teamwork, in which all of the industry's stakeholders are involved in order to give a solution to an issue that affects the entire sector. This involves meeting with people who have information, experience, and opinions regarding a crisis that are part of collaborative missions meant to lessen the impact of the problem (Jiang & Ritchie, 2017). Containment strategies encompass any and all actions that help stop the crisis from getting worse and spreading further, as well as any and all activities that contribute to that end (Karam, 2018). This includes providing first aid to the injured, evacuating the guests to safer places, providing isolation and quarantine rooms during a disease outbreak to reduce the spread of the disease, and a number of other actions that are quite similar in nature to these actions (Budd, Bell & Brown, 2009).

The SCCT helps manager in evaluating the crisis type, crisis history and help managers to predict the level of reputational threat a crisis may have to an organization. The theory SCCT is applicable in this study since it emphasizes that having crisis mitigation strategies in place helps an organization to cope with a crisis easily without it being affected in its performance (Coombs, 2007). The strategy aids the organization in getting its point of view covered by the media. After all, how the crisis is presented to the media will affect how the general public perceives the circumstance. In this study, which was based on the SCCT argument, the idea of crisis management methods, prevention strategies, collaboration strategies, confrontation strategies, and containment strategies was adopted.

### **1.1.2 Organization Performance**

According to Javier (2002), performance is the capacity of an object to create outcomes in a dimension that is determined in connection to a target. Performance can be measured in terms of how well an object meets its objectives. According to the definitions provided by some academics, such as Machuki and Aosa (2011), organizational performance is defined as the degree to which an organization is efficient and successful in terms of the exploitation of its resources and the achievement of its goals. When viewed from the perspective of an organization, effectiveness is the measurement of how well an organization is able to execute its objective by utilizing its fundamental strategies. According to Daft (2013), performance is defined as the ability of an organization to achieve its purpose through the application of its resources in a manner that is both efficient and effective.

Delaney and Huselid (1996) assert that a variety of various factors can be used to assess an organization's effectiveness. Among these criteria are things like product quality, new product development, the ability to keep key employees, the ability to recruit key employees, customer satisfaction levels, management-employee relationships, employee relationships among themselves, sales growth, profitability, and market share. Meena (2017) asserts that among the most crucial factors to take into account when assessing an organization's performance are the degree of customer satisfaction, the volume of customer complaints, and the promptness with which services or goods are given. A financial viewpoint can be quantified in a multitude of ways, including cash flow, sales growth, operating income, market share, and return on equity, as stated by Lawrie, Abdullah, Bragg, and Varlet (2016).

According to the findings of a study conducted by Gautreau and Kleiner (2016), the BSC is not intended to serve as a replacement for the process of formulating a strategy; rather, it is a technique for the implementation of a plan. The BSC can be relied on once the company has developed a strong strategy, at which point the BSC will be tasked with the responsibility of guiding the organization in the direction of its goals. Even yet, management still needs to be aware of the various shifts occurring in the surrounding environment. In addition to being a learning process, the process of formulating a strategy entails adaptation to the surrounding environment as well as the expanding of one's ideas (Mintzberg, 1994). Braam and Nijssen (2004) propose that managers need to be proactive and be cognizant of the changes in the environment to ensure a fit between the organization's strategy and its BSC program. This requires managers to be aware of the changes in the environment and to be proactive. Because of this, managers need to be proactive and aware of the changes that are occurring in the environment.

Customer perspective helps to determine and define the value proposition for the targeted market segments, as well as measure the level of success that the company has achieved within the selected categories. A recent movement in management philosophy has shown a growing knowledge of the relevance of putting the requirements of customers first and ensuring their satisfaction in any sort of organization. This shift demonstrates a growing understanding of the growing importance of putting the demands of customers first. In the field of education, more weight is given to the proverb "the customer is king" than in any other industry. This is due to the fact that customers play the decisive role in determining whether or not an organization provides a product or service of a satisfactory quality. This is because customers are the single most significant factor in determining whether or not a business achieves its quality objectives. These are the most important signs to look out for: if customers aren't happy with the service they receive, they will eventually look for other suppliers who are better equipped to meet their needs. Therefore, poor performance from this viewpoint position is a leading indicator of future decline, despite the fact that the financial picture may appear to be in good shape right now. This is due to the fact that poor performance from this vantage point is a leading indicator of future collapse (Dye, 2011). If one wishes to comprehend what is meant by the term "customer satisfaction," it is necessary to successfully manage all of the aspects that contribute to the happiness of the client. The four aspects that serve as key performance indicators for the



measurement of customer satisfaction are the human element of service delivery, the systematization and standardization of the process of service delivery as a non-human element, and the software capes, which refers to the infrastructure and facilities.

These four aspects are as follows: the core service or the service product; the human element of service delivery; the systematization and standardization of the service delivery process; and the software capes. Within the realms of customer management and service quality, there is widespread consensus that these four aspects play an extremely important role in determining how customers perceive a company's offerings. Enhanced profitability at the bottom line is the pinnacle of recognition that can be bestowed upon a company for its superior business practices. (Sureshchandar et al., 2002).

Financial Perspective is the various means through which an organization can generate a steady increase in shareholder value, as well as an analysis of the profitability component of the strategy. The work of Kaplan and Norton (1996) does not disregard the traditionally expected need for monetary data. The provision of timely and correct statistics pertaining to the finances is always going to be a priority for the management, and they will do whatever is necessary in order to fulfill this obligation. Sureshchander et al. (2002) state that the pursuit of financial gain is the driving force behind the existence of any business. It is plausible that the significance of the financial perspective would be very much recognized in the enormous education business. This is as a result of the fact that a company's financial performance provides the most accurate and conclusive representation of its level of success. The perspective will make this clear whether an organization's strategy, implementation, and execution are all contributing to an improvement in their bottom line (Kanji and Sa, 2002). When doing an analysis of a company's financial performance, several elements, including turnover, profits, revenues, assets, returns on investments, and returns on equity, are taken into consideration

The term "internal process perspective" refers to the processes that are carried out within a company and seeks to quantify those aspects of the company's operations that must be performed exceptionally well in order to satisfy customers. Using the procedures that are already there inside the organization is one way to ensure that the performance expectations are satisfied (Amaratunga et al., 2001). Because these measurements are based on the customer's point of view, management is in a position to determine not only how well their company is performing

but also whether or not their goods and services live up to the standards set by the consumers who buy them. Although stakeholder groups, such as employees and customers, focus on output metrics of a company's performance, the fundamental business processes play an important role in ensuring that these groups maintain a productive interaction with one another. This is because these processes ensure that these groups maintain a productive interaction with one another. Performance of internal processes contributes to the creation and delivery of the value proposition for customers through the use of employees and other strategies. This performance is a leading indicator of subsequent improvements in customer and financial outcomes, and it serves as an indicator of such improvements. This is accomplished by the implementation of a variety of different tactics (Kaplan and Norton, 1996).

The growth and learning perspective identify the competencies in which the organization must excel in order to produce better internal process that delivers value for customers and shareholders. This is done by looking at the company from a growth and learning perspective. This viewpoint seeks to quantify an organization's capacity to innovate, continuously evolve, and learn new things. It takes into account employee training and cultural attitudes that are tied to both individual and corporate self-improvement. The individuals who work for a company that values knowledge is its most valuable asset since they are the only true source of information. Knowledge workers are finding that it is increasingly vital to remain in a state of continuous learning in order to keep up with the present climate of rapid technological change. Metrics can be established to direct managers in allocating training dollars to the areas in which they will be of the most benefit to the organization. In any event, learning and development represent the crucial foundation for the achievement of success in any organization that employs knowledge workers. According to Kaplan and Norton (2001), the term "learning" refers to more than just "training." Learning also encompasses things like mentors and tutors within the organization, in addition to that ease of communication among workers that enables them to readily get help on a problem when it is required. In addition to that, it consists of many technological instruments, or what the Baldrige criteria refer to as "high performance work systems."

According to Bourne and colleagues (2014), a framework of organizational performance should not only be able to retain a record of what has been accomplished in the past, but it should also be able to provide an early indicator of future corporate performance. In turn, this combination of

the past and future points of view is an important quality of the balanced scorecard that ought not to be overlooked. It was initially used as a simplistic framework for performance monitoring, but over time it has evolved into a comprehensive system for strategic planning and administrative operations. An organization's strategic plan can be changed from an appealing but uninvolved document into the "marching orders" that are followed by the company on a daily basis by utilizing the "new" balanced scorecard, which allows for this transformation to take place. It provides a framework that not only assesses performance but also directs planners in the determination of what should be done and how it should be assessed. According to Chan (2010), the application of the balanced scorecard enables firms to acquire a more comprehensive viewpoint of their performance. In order to accomplish this, many critical characteristics of performance must first be identified, and then it must be understood how changes in one area can have ramifications for other aspects of performance

Campbell et al. (2015) conducted an investigation on the usage of BSC in testing strategy and came to the conclusion that BSC offers timely information regarding the "formulation, implementation, and fit" of the strategies. Their research also concentrated on the role that BSC plays in determining what factors lead to the failure of a strategy and emphasized the connection that must exist between an organization's strategy and its level of internal competence in order to achieve success in terms of both customer experience and financial performance. Evans (2010) conducted research on the use of nonfinancial performance indicators in physician compensation. He discovered that the use of nonfinancial measures is connected with individual physicians' levels of productivity. According to research conducted by De Geuser et al. (2009), the growth of BSC has been shown to be highly associated with improved organizational performance. The research provided support for the idea that BSC is a value-added management system that connects the activities of companies with their strategies.

Wu (2012) investigated whether or not there was a correlation between following BSC and the acquisition of intellectual capital in Taiwan-listed enterprises. The findings demonstrated the existence of a synergy that is beneficial to the accumulation of relational capital, structural capital, and human capital. Jarrar and Smith, 2011 came to the conclusion that BSC is acceptable for product diverse companies and firm performance in terms of innovation based on the responses they received from 105 different companies.

The balance scorecard (BSC) model is one of the useful methods for evaluating the performance of organizations since it takes into consideration all of the characteristics of an organization (Kaplan & Norton, 2005). The BSC concept was initially presented by Kaplan and Norton (1992). The major goal of BSC is to replace conventional performance evaluation approaches, which only focused on financial indices to generate a more comprehensive and accurate evaluation of organizational performance, and make the required changes to those techniques (Kaplan & Norton, 2005). However, when it comes to evaluating the performance of organizations in BSC, financial indexes are still considered to be the most essential factors.

However, in order for the performance evaluation model to achieve a balance among the various BSC statistics, it is required to take into account additional components of the traditional model. These aspects include the employee's growth and learning, the customer, and the internal business operations. These factors are necessary for the perception and implementation of a faultless performance measurement system, as well as the building of a broad collection of organization performance indexes for the purpose of strategic analysis of all objectives and activities within organizations. In addition (Huang et al., 2011). The BSC takes into account four different views, one of which is the financial element, which examines how businesses profit from the strategic operations they do. The customer is the focus of the second perspective of BSC, which gives more attention to the question of how firms may make the most of the inherent and accessible resources they possess in order to differentiate themselves from their rivals. The third point of view is the internal business process, which encompasses all of the strategic actions that take place within a company with the goal of satisfying the expectations of both stockholders and customers. The general procedure begins with the perception of the needs of the consumer, followed by consideration of both operational and sales metrics. The fourth viewpoint is known as growth and learning, and it asserts that in order for an organization to sustain its current level of activity and progress over time, it must rely on its capacity for ongoing innovation and expansion.

According to Kaplan and Norton (1996), businesses must focus on certain principles, such as the promotion of personnel competencies, the performance of information systems, persuasion, etc. This factor is comprised of three primary criteria: employee satisfaction, employee continuity, and efficiency. Any business unit must develop performance evaluation indices based on four

BSC criteria, and performance indices must be selected based on quantifiable metrics. Index selection is crucial for analyzing the required industry performance, as precise study of these indexes can improve manufacturing operations' efficiency and create important competitive advantages. For the attainment of strategic objectives in each of the four facets of BSC, key performance indicators must be carefully addressed (Wu et al., 2011). Since this study focuses on SME, organization performance indicators will be measured using the balanced scorecard proposed by Kaplan and Norton (1992), which incorporates financial perspective, customer perspective, internal business process, and development and learning.

### **1.1.3 SMEs in the Manufacturing Sector in Kenya**

The Kenyan manufacturing industry has developed into a significant contributor to the economy, primarily in the city of Nairobi, which serves as the nation's capital. The industry helps the country achieve its goal of increasing the number of available jobs while also contributing to the nation's gross domestic product (Njoroge, 2014). Earnings in foreign currency make up a disproportionately large portion of this industry's total, constituting 34% of total revenues (Kenya Association Manufacturers, 2018). The KAM is a membership organization whose mission is to provide leadership and services with the goal of fostering the growth of a manufacturing sector in Kenya that is more competitive. It is anticipated that Kenya's manufacturing sector will continue to be a dynamic and significant contributor to Kenya's economy's sustained recovery and growth in the coming years (Kenya National Bureau of Statistics, 2017).

Today, the manufacturing industry in Kenya is the third main sector contributing to the Gross Domestic Product (GDP) in Kenya, and its contribution is just a little bit more than 10 percent; as a result, it has a direct impact on the expansion of the economy in Kenya (Kenya National Bureau of Statistic, 2021). More than 700 well-established businesses make up Kenya's manufacturing sector; the vast majority of these businesses are privately held or controlled by families (Kenya Association of Manufacturers, 2021). Kenya Vision 2030 is the government's development strategy, and its goal is to transform Kenya into a newly industrialized middle-income country by the year 2030, while also ensuring a good quality of life for all of the country's residents. The strategy is named after the country's official slogan, "Transforming Kenya into a Newly Industrialized Middle-Income Country by 2030." This objective is

subsumed under the overarching objective of the government, which is to develop Kenya into a newly industrialized middle-income country by the year 2030. The manufacturing industry was singled out as one of the primary drivers for reaching a sustained yearly GDP increase of 10 percentage points in the vision 2030 document. According to the KAM (2018), Kenya's manufacturing industry has been confronted with substantial difficulties throughout the course of the last 15 years.

KAM (2021) reports that there are currently 400 SMES that are members of the KAM membership base. These micro, small, and medium-sized enterprises come from all different sectors of the economy. The 228 small and medium-sized manufacturing enterprises that were registered and operating inside Nairobi City County would be the primary focus of this study. These small and medium-sized businesses are classified as belonging to the respective subsectors of the manufacturing sector that deal with food and beverages, paper and board, chemicals and allied products, automobiles, metal and allied products, plastic and rubber, leather products and footwear, timber, wood, and furniture, energy, electrical and electronic products, and building and construction.

Based on the statistics from KAM (2019), during the covid-19 crisis, 69% of the SMEs manufacturing firms struggled to make payment to their employees, 71% were having challenges in paying other operating costs such as rent and utilities. These difficulties forced 39% of the SMEs in the manufacturing sector to send their staff on unpaid leave while 27% made salary adjustments. From the data, only 40% of the firms were able to cope the crisis without much distraction by measures enforced by the government. Lack of crisis mitigation strategies in place played a significant role in shaking confidence and trust, which directly impacted on job security and in turn reduced staff morale and engagement levels, and negatively impacted organization performance (KAM, 2019). The study also revealed that in 2019, 15.9% of private sector jobs were in manufacturing. During Covid-19, 40% of respondents reported reducing the number of casual workers while 73% maintained their number of permanent staffs. This shows that manufacturing sector plays a key role in economic growth and more so in job creation, hence there is need to safeguard the sector from unprecedented crisis by ensuring their performance is

not disrupted in future and identifying the crisis management strategies they have in place, hence the need of this study.

## **1.2 Statement of the Problem**

In recent years, both domestic and worldwide occurrences, as well as the effects of globalization in areas such as pandemics, climate change, and terrorist attacks, have contributed to an increase in the importance of crisis mitigation techniques (Haltiwanger, Jarmin, & Miranda, 2013). One of the primary responsibilities of an effective strategy for the management of crises is to assist in protecting an organization from the damaging effects that may be brought on by a crisis. When these responses are executed poorly, the problem might become even worse. However, the effects of the crisis can be mitigated if proper management of the crisis is carried out. The process of starting a small business and running it involves both the prospect of success and the possibility of failure. A poor approach for crisis mitigation is likely to lead to the certain death of a small organization due to the company's tiny size; as a result, the company will never have the opportunity to learn from its previous errors. More than two-thirds of workers in the United States are employed by companies classified as small firms (Haltiwanger, Jarmin, & Miranda, 2013). In the United States in 2013, 78% of small businesses did not have established protocols on how to deal to an unanticipated crisis (Kalra & Gupta, 2014)

Moyeen (2014) surveyed small engineering firms in Bangladesh and discovered the following reasons for the firms' lack of a formal crisis mitigation strategy: small business leaders are frequently more focused on day-to-day operations as opposed to management models and strategic management systems; small businesses have less money to spend on training; and their competitors generally do not use crisis mitigation models. In addition, the research revealed that entrepreneurs who launch small businesses often have little interest in implementing standard operating procedures and practices.

According to the findings of a study carried out in Nigeria by Luper and Kwanum (2012), 84 percent of SMEs do not protect their companies from potential dangers. According to the findings of a study conducted by Viridi (2005), approximately half of all small and medium-sized enterprises (SMEs) do not have any risk management procedures in place, and approximately one fifth of all larger businesses also do not, indicating that risk management is not completely integrated even among large businesses. The research also found that although approximately

50–60% of businesses claim to have formal risk management procedures in place, which can include anything from identifying risks to reporting back on risks, there are significant differences between the sizes of businesses when it comes to these claims. According to the findings of this study, the amount of money that a company spends each year on risk management varies significantly depending on the size of the company, with smaller companies spending, on average, far less than larger companies do. A report on the attitude toward risk that was included in the same study found that an overwhelming majority of enterprises, 86%, do not believe that having appropriate insurance for big risks eliminates the need to routinely raise the topic of risks. Even though small firms have a little better propensity toward purchasing insurance, there is a need for additional risk management methods in every industry.

Musyoka (2011) investigated the issues of crisis management strategy and strategy implementation at the Jomo Kenyatta Foundation and discovered that Kenyan businesses operate in an increasingly competitive and dynamic environment.

According to Kukanja, Planinc, and Sikosek (2020) this is because business entities especially SMEs are increasingly being faced with unfathomable events which if not timely and effectively managed may constitute to quite significant losses and even closure of business. As a result, business managers are required to ensure that effective and reliable crises mitigation strategies are always in place so as to assist in overcoming any probable crisis that is likely to be encountered in the course of business undertaking (Kukanja, Planinc & Sikosek (2020). According to Alves, Lok, Luo and Hao (2020), SMEs unlike big corporations usually lack elaborate strategies to effectively mitigate against probable crises leading to a significant failure of majority of them within the first two years of operation. According to Kaberia and Muathe (2021) the high-failure rate among these important entities tends to increase significantly especially when faced with unexpected crisis such as pandemic, fire, or demolition. KNBS Report (2021) more than 50% of manufacturing SMEs operating within Nairobi County failed in the first-half of 2020 due to the significant crisis brought about by the emergence of COVID-19 pandemic. The blame for the huge failure rate among these entities has largely been blamed on poor management of unexpected crises (Kaberia & Muathe (2021). Mukuria (2020) conducted a survey of pharmaceutical manufacturing companies in Nairobi to investigate the relationship between crisis management practices and performance. This study was carried to examine the



effects of crisis mitigation strategies on performance of SMEs in Nairobi County and fill the gaps.

### **1.3 Research Objectives**

The main objective of this study was to establish the effect of crisis mitigation strategies on the performance of small and medium enterprises in the manufacturing sector in Nairobi County

#### **1.3.1 Specific Objectives**

The specific objectives were;

- i. To establish the influence of confrontation mitigation strategies on performance of SMES in manufacturing sector within Nairobi County.
- ii. To establish the influence cooperation mitigation strategies on performance of SMES in manufacturing sector within Nairobi County.
- iii. To determine the influence of containment mitigation strategies on performance of SMES in manufacturing sector within Nairobi County.
- iv. To establish the influence of preventive mitigation strategies on performance of SMES in manufacturing sector within Nairobi County.

#### **1.3.2 Research Questions**

- i. What is the effect of confrontation mitigation strategies on performance of SMES in manufacturing sector within Nairobi County?
- ii. What is the effect of cooperation mitigation strategies on performance of SMES in manufacturing sector within Nairobi County?
- iii. What is the effect of containment mitigation strategies on performance of SMES in manufacturing sector within Nairobi County?
- iv. What is the effect of preventive mitigation strategies on performance of SMES in manufacturing sector within Nairobi County?

### **1.4 Significance of the Study**

This study will provide a framework for policy formation that aligns with SMEs growth and development during the times of crises. The role of government in SMEs regulations is significant because this is the sector that shoulders the major part of economic endeavors (Theodore & Morris, 2019). The government of Kenya has been as well on the lookout for

convenient knowledge and information to help keep the business sector abreast regardless of the up and down circumstances. This study stands in that gap, for which the government might obtain a viable tool to magnify the protocol that shall keep the economic parameters controlled by the SMEs alive.

On the other side, this study is a strong academic tool that will allow students in the field to gather ideas and knowledge for crisis mitigation. The business students will benefit largely, especially if they have a purpose to start and operate a business of an SME scale. The steps and measures that are provided here are crucial for practice and execution, which can render the functions of a business by the practitioner to another level of exploits.

### **1.5 Scope of the Study**

The study focused on how crisis mitigation strategies influence performance of SMEs. The theoretical scope of the research is premised on situational crisis communication theory. The study conceptual scope focused on how confrontation mitigation strategies, cooperation mitigation strategies, containment mitigation strategies and preventive mitigation strategies influence performance of small and medium enterprises in the manufacturing sector in Nairobi County. Performance was based on financial perspective, customer perspective, internal business process and growth and learning. The study used a quantitative methodological scope which guided by a positivism research paradigm. The study was conducted in the month of July 2022 to August 2022.

### **1.6 Chapter Summary**

This chapter provides a detailed information to the study. As such, the chapter is structured into various key sub-chapters which are background of the study, statement of the problem, research objectives, research questions scope of the study, significance of the study and it concludes with a chapter summary in regards to the effect of crisis mitigation strategies on performance of SMES in Nairobi County.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter provides a full overview and evaluation of supporting theories and empirical research on study variables. In addition to presenting the conceptual framework that guided the research, the paper examines the available literature to determine the correlations between the research variables and how they have been described by other scholars and researchers.

#### **2.2 Theoretical Review**

This study is based on the two theories that are used to guide this research: situational crisis communication theory and resource-based view.

##### **2.2.1 Situational Crisis Communication Theory**

Timothy Coombs (2007), initially published this theory. According to the Situational Crisis Communication Theory (SCCT), crisis managers' reaction techniques should be tailored to the incident's level of crisis culpability and reputational harm (Coombs, 2007). According to the SCCT, the study of the crisis type, crisis history, and prior relationship reputation can help crisis managers estimate the extent of reputational damage that will be imposed on a firm as well as how its publics would perceive the crisis and assign blame. As a result, SCCT has the potential to be applied in an organization's crisis management.

Ide, Martin, and Totten (2011) observed that SCCT provides communicators with scientific data to guide their decisions and that a company's response to a crisis depends on the nature of the problem. The SCCT investigates how significant aspects of a crisis scenario affect the attributions made about the crisis and the reputations of stakeholders. Therefore, post-crisis communication can be enhanced by gaining a deeper comprehension of the responses of diverse stakeholders. Based on empirical knowledge, the SCCT provides crisis managers with a road map for analyzing and responding to crises. This helps crisis managers make intelligent and positive decisions (Coombs, 2016).

According to Sisco (2012), SCCT reveals that the key to selecting the most successful strategic response to a crisis is to understand the crisis situation and the extent of reputational damage produced by the issue. This question is essential for determining the optimal strategic approach to a crisis. Reputational risk for a corporation is the potential repercussions that could result from

a crisis in the absence of mitigating actions. Initial crisis guilt, the history of the crisis, and the business's prior relational reputation all have an impact on the reputational damage the organization will experience. Initial crisis responsibility refers to the degree to which the organization's stakeholders hold it accountable for the crisis; it reveals the degree to which the relevant publics hold the organization responsible for the situation. Before determining an organization's reputational risk, crisis managers must determine the nature of the threat it confronts.

When confronted with a crisis, organizations frequently exacerbate an already difficult situation through inadequate communication (Marra, 1998). According to a body of research, an organization's crisis response techniques, which consist of what it says and does after a crisis, seek to safeguard the organization's reputation while also aiding wronged parties in coping psychologically with a traumatic crisis situation (Coombs & Holladay, 1996, in Coombs & Holladay 2008). The Situational Crisis Communication Theory (SCCT), which focuses on how to keep an audience informed and safeguard an organization's reputation during a crisis, can be used by management as a tool to achieve this objective (Coombs & Holladay, 2002). As mentioned in Canny's article, "Crisis Communication Is Considered to Be a Central Component of an Organization's Reputation Recovery" (Gottschalk, 1993), which is a Component of a Crisis Management Process That Includes a Strategic Plan for Recovering from Negative Impacts (Coombs, 1999). (2016). When an organization is placed in a position to respond to a crisis, the public and the firm's stakeholders will strive to explain and analyze the organizational culpability of the corporate accident. Because the media regularly influences the public's perception of corporate accountability, the question of whether or not an explanation will be supplied is crucial for determining how an organization will respond to future crises. In such a situation, an organization's management can adopt the Situational Crisis Communication Theory (SCCT) for an understanding of the issue and a pre-selection of potential public response strategies based on accountability for the specific crisis situation at hand.

According to Coombs (1998), in the first place, it is essential for a crisis management to understand the issue in order to be able to select an appropriate response strategy for the crisis. This is because understanding the issue allows for more informed decision-making. This is one of the most important things that can be learned from the author's research. It is dependent on the

manner in which the scenario has to be characterized and, as a result, the degree of the organization's responsibility that is allotted to a corporation by its stakeholders as to whether or not a defensive response strategy or an accommodative response strategy should be implemented to the circumstance. To begin, a crisis situation that may be placed in the victim cluster is one in which only a select few people or departments within an organization may be held liable for the problem. The second type of crisis situation is one that has low organizational responsibility and falls under the accidental cluster. The third type of crisis situation is one that has high organizational accountability and falls under the preventable or intentional cluster. Each cluster conducts an investigation into the nature of the particular crisis scenario at hand, as well as how the underlying causes of a crisis situation might be classified.

The Situational Crisis Communication Theory is used in this investigation because it postulates that the manner in which an organization communicates with its publics, as well as the statements that it makes, will influence how those publics view the organization. According to Kyrychok (2017), in his study used situational crisis-communication theory, he suggested that the theory is designated to assist in resolving complex contradictions in crisis resolution. This is according to the findings of his study. According to the findings of Verwer's (2018) research, it is strongly suggested to implement the SCCT model during an avoidable crisis not only in traditional media, but also, at the very least, on Facebook. This recommendation was made in the context of crisis mitigation management. Therefore, the theory is applicable to this study because it suggests that the key to determining the most effective strategic response to a crisis is understanding the crisis situation and the amount of reputational threat being posed by the crisis. This study aims to investigate the effects of a crisis on the reputation of an organization. The SCCT offers crisis managers with a roadmap that is founded on evidence for analyzing and responding to crises. This enables crisis managers to make decisions that are educated, strategic, and useful.

### **2.2.2 Resource Based View**

The resource- based theory of the firm propounded by Wernerfelt, (1984). Proponents of RBV assert that it is simpler and more realistic to capitalize on external opportunities by deploying resources that already exist in a different manner. In contrast to the practice of acquiring new skills or creating new capabilities in response to each unique opportunity, this method consists

of: (Aghazadeh, 2015). According to the RBV model, resources play a significant part in the overall achievement of greater performance by businesses. According to the resource-based theory, a company that possesses strategic resources has an excellent possibility to establish competitive advantages over its rivals. This presents a wonderful opportunity for the organization (Sheehan & Foss, 2007). These advantages over the competition might, in turn, allow the firm to achieve prosperous financial results.

The resource-based plan has as its ultimate objective the achievement of a competitive advantage that can be maintained over time. The only way for a company to keep the competitive advantage it has achieved is to do an in-depth resource analysis, carefully distribute resources, and strategically utilize resources across all functional areas (Kearns & Lederer, 2003). In a similar vein, a company will not be able to innovate more effectively or differentiate itself in its industry unless it recognizes the complete potential of its workforce. This is because it is impossible for an individual to know the whole potential of another person. A corporation can achieve visibility for the optimal deployment of resources, maintain a competitive advantage, and maximize resource utilization across functional areas with the assistance of an RBV method, all of which can help the organization.

The RBV gave the impression that the internal qualities of an organization were the most important factor in determining the success of an organization. The term "organizational internal properties" refers to both organizational capabilities (internal knowledge and competencies) as well as organizational assets (tangible and intangible assets of the organization) (Chuang & Lin, 2017; Teece et al., 1997). In a similar vein, the RBV took into consideration the fact that an organization possesses a variety of organizational resources, some of which are assets resources, capabilities resources, process resources, management competencies, technological resources, and knowledge resources (Barney, 1991). The performance of the company was improved because to these resources and competencies, which also serve as a foundation for the organization's competitive advantage (Barney, 1991).

According to Hsu and Pereira (2008), RBV supports a company in recognizing its one-of-a-kind internal resources. This not only improves the performance of the business, but it also develops a competitive edge for that particular organization. In addition, the body of research that has been done on RBV in the banking industry acknowledges its significance and has demonstrated the

existence of a positive connection between organizational internal resources and bank performance as well as overall organizational performance. This research has also shown that RBV has a significant impact on overall organizational performance (Innocent, 2015; Al-Swidi, 2012). Following this, in the relevant literature, strategic orientation, organizational culture, and organizational commitment have been described as the organizational unique internal resources and strategic attributes of an organization that help in achieving superior organizational performance and a competitive advantage over other organizations. These organizational unique internal resources and strategic attributes of an organization help in achieving superior organizational performance and a competitive advantage over other organizations (Ahmed & Othman, 2017b; Innocent, 2015; Pinho et al., 2014; Uz Kurt et al., 2013; Weinzimmer et al., 2012; Al-Swidi, 2012).

This theory has been used in various research, such as the one conducted by Adnan, Abdulhamid, and Sohail (2018), to forecast the performance of firms using resource-based frameworks. Researchers came to the conclusion that businesses that possessed valuable, uncommon, unique, and non-substitutable resources (VRIN) were able to improve their overall performance. Therefore, this theory is relevant to this investigation since, according to the resource-based perspective theory, resources are the essential factor in exceptional company performance. The Resource-based view, also known as RBV, examines and interprets the internal resources of an organization. RBV also places an emphasis on a company's resources and capabilities while designing strategy in order to achieve lasting competitive advantages. It's possible to think of resources as inputs, because they allow businesses to carry out their activities. When businesses implement RBV, also known as the RBV model, resources are given the leading position, which enables these businesses to attain higher levels of organizational performance. Only when a company taps into the full potential of its staff will it be able to innovate more effectively and stand out among competitors in the sector.

### **2.3 Empirical Review**

This section reviewed previous literatures undertaken by other scholars and which is related to the effect of crisis mitigation strategies on the performance of small and medium enterprises in the manufacturing sector in Nairobi County.

### **2.3.1 Confrontation Mitigation Strategies on Organization Performance**

Confrontation crisis is one that arises when individuals and/or groups that are unhappy with the status quo engage in conflict with corporations, the government, and various interest groups in order to gain acceptance of their demands and expectations. In order to effectively manage a crisis situation, the management of an organization will frequently resort to confrontational techniques. These tactics involve analyzing the issue with the goal of determining the root cause, as well as collecting enough information that is both reliable and comprehensive regarding the crisis (Rhee & Valdez, 2009). It entails confronting the issue at hand, locating well-organized means of responding to the crisis, and putting together crisis response teams that are capable and have access to the resources necessary. Each emergency is unique and necessitates a different set of resources and capabilities; these should be determined, and the players' roles should be clarified, before any attempt can be made to effectively respond to the crisis (Karam, 2018).

In addition to this, it is necessary to ensure that those who are affected have access to effective crisis communication and that there is unity among the teams that are reacting to the crisis (Mazzei et al., 2012). According to research done by Tomlinson and Mryer (2009), one of the most (Sharabi et al., 2010). In this method of crisis management, the manager of the business, along with the support of his team, takes on the crisis in a scientific manner based on a good prognosis and the determination of responsibilities and tasks. This approach to crisis management is known as the command and control model. In addition to this, they act swiftly throughout the entirety of the crisis in order to mitigate the adverse impacts and restore the organization to the level of stability it possessed before to the occurrence of the crisis.

Brown, Feldmann-Jensen, and Johnston (2017) came to the conclusion that working together with external stakeholders helps lessen the impact of the adverse impacts of a crisis. Murshid (2014) discovered that the actions taken by the government during a crisis result in less damage and a faster recovery after a catastrophe. Avraham (2015) looked on the ways in which countries in sub-Saharan Africa used various forms of media to rebuild their destination images both during and after natural disasters. According to the study's findings, marketers coordinated with the media to enhance destination images. The most crucial thing to do during a crisis is to ensure that all communication outlets, including social media accounts, are effectively controlled. Also



necessary are thoughtfully responding to the response and understanding your role in the circumstance

Gikuhi (2020) conducted a study on crisis management and business continuity in Kenyan hotels with a star rating. He claimed that a company's management often employs aggressive crisis management tactics. These tactics involve analyzing the issue in order to determine its fundamental cause, as well as collecting sufficient, reliable, and thorough information regarding the crisis (Rhee & Valdez, 2009). It entails confronting the issue at hand, locating well-organized means of responding to the crisis, and putting together crisis response teams that are capable and have access to the resources necessary. Each emergency is unique and necessitates the utilization of certain assets and capabilities; they should be determined, and the roles that each participant should play should be outlined, in order to ensure efficient execution. In addition to this, there is a requirement for efficient crisis communication to be provided to the impacted parties and for harmony to be maintained among the response teams. In addition, they include providing an explanation for why the integrity breach occurred, combating fraudulent social media publications by providing a verifiable explanation to the affected parties, and providing free services to the affected parties if the quality of the services supplied was substandard.

Boin, Hart and Stern (2015) did a study on crisis management strategy and impact it has on employee performance at the Arab Potash Company. The study used 240 self-administrated questionnaires for data collection. The study found that the management of Potash Company purposed to solve their challenges and crisis. The researchers recommended that there is a need for the government and private entities that they must condense their efforts to help mitigate the crises that the Jordanian corporations faced. The government should also provide a manager and leaders training center and thus enable corporations to deal with crisis.

Randiek (2019) conducted study on the impact of internet crisis response tactics on Kenya Power and Lighting Company's reputation. The secondary data for this study were gathered from customer-made Facebook posts. The information was taken from the KPLC Facebook page, and then the text data were coded in accordance with the study's objectives. In this particular study, the researcher relied mostly on qualitative techniques and descriptive methods. The results demonstrated that KPLC employed both its primary and secondary crisis response strategies. KPLC targeted the accusers who posted negative comments on their Facebook page. They

accomplished this by informing the accusers that the power outage was an emergency and that they were attempting to fix it. This was the primary crisis response strategy adopted by KPLC. KPLC utilized the denial strategy by denying the existence of a crisis in a Facebook post and asserting that the situation was under control and hence not a crisis. KPLC also adopted an excuse approach by denying any purpose to generate a catastrophe intentionally. It did so by explaining the reason of the issue to the affected parties and reassuring them that the situation would soon return to normal because engineers were already at work.

### **2.3.2 Cooperation Mitigation Strategies on Organization Performance**

Cooperation techniques involve lessening the impact of a crisis through teamwork, with the participation of all industry participants, to find a solution to a problem that impacts the entire industry. As part of collaborative missions meant to alleviate the effects of a crisis, this comprises interacting with those who have pertinent perspectives, knowledge, and skills, including consumers, government authorities, competitors, and suppliers. Businesses and government defense organizations can collaborate to regulate and prevent terrorist attacks (Becken & Hughey, 2013). In order to restore public confidence, they may also interact with media groups to ensure the broadcast of factual information (Carlsen & Hughes, 2008).

For the objective of quickening the recovery process through marketing, engagement with government agencies, foreign embassies, and private business sectors is also implemented (Carlsen & Liburd, 2008). Other approaches to collaborate include organizing a coordinated social media reaction during a crisis (Moller et al., 2018), cooperating to reopen major tourist attraction hubs, and promoting the destination as a joint enterprise. All of these are examples of collaborative strategies (Jiang & Ritchie, 2017). In this kind of crisis management, each member of the crisis team works together to address the issue at hand while adhering to the responsibilities that have been assigned to them individually.

Shehawy, Yaser, and Ragab (2017) investigated the crisis management strategies employed by Egyptian travel companies. According to the findings of their study, external cooperation with other industry participants and the government assisted in mitigating the negative effects and accelerating the return to normalcy. Alzatari and Ramzani (2019) conducted study on the topic of crisis management strategy and the affects that it has on the performance of businesses. These tactics include relocating the risks to a different location, avoiding them, minimizing the damage

they cause, and accepting some or all of the impacts that they cause. It points to two possibilities, one of which may take place. Without a doubt, the situations in which there is only one possible outcome are also the situations in which there are no potential dangers. They are occurrences and events that threaten the achievement of objectives and could have a negative impact on the continuation of work, which is why crisis management is a true art that requires skill, expertise, and experience. Threats are the chance that a company could incur unanticipated or unplanned losses, or that they will create fluctuations in anticipated revenues.

### **2.3.3 Containment Strategies on Organization Performance**

Containment strategies are activities that contribute to stopping the crisis from spreading farther and having a greater impact (Karam, 2018). This includes giving first assistance to the injured, relocating visitors to safer locations, providing isolation and quarantine rooms during a disease epidemic to prevent the spread of the disease, and a number of other steps (Budd, Bell & Brown, 2009). In addition to this, it entails the apprehending of the perpetrators (Gill et al., 2002), as well as providing all staff with the means to extinguish fires (Hassanain, 2009). In addition to this, the strategies entail the restoration of tangible and intangible infrastructure, such as software (Pennington-Gray, 2014), as well as the management of the expectations of stakeholders, including customers, the government, and suppliers, while the crisis is in progress (Morakabati et al., 2017). It is important to avoid exaggerating the severity of the situation and the scope of the crisis in order to preserve the reputation of the hotel (Avraham, 2015). The breadth of the crisis will be kept to a minimum with the help of these tactics.

Sohn and Lariscy (2014) investigated how organizational effectiveness affects the containment of crisis from the supervisory leadership perspective in Jordan Industrial firms. The study found that except for the maturity stage, all dimensions of organizational effectiveness such as goal achievement, adaptability, beneficiary satisfaction, have a direct impact on crisis management stages. Adaptability is considered the most important dimension in explaining crisis management. Second, through the maturity stage, all dimensions of organizational effectiveness have no impact on crisis management. Third, moderate approval of organizational effectiveness dimensions. Establish a crisis management team that specializes in developing effective strategies. Companies should also establish a crisis management that is specialized in developing proper strategies for crisis management by taking advantage of other organizations experiences,

drawing lessons as well as learning from past crisis. Companies should evaluate their crisis management plans, perform frequent reviews of those plans, and put those plans to the test by developing hypothetical scenarios that mimic the conditions that may arise during a crisis.

An investigation on styles for containing crisis is also conducted by Aigbogun et al., (2014). The relationship was negative between escape and strategic planning and positive between containment, cooperation and confrontation and strategic planning. Based on the findings of the research, strategic planning plays an important role in enabling firms in the pharma sector to thrive and survive during a crisis. Managers that embrace strategic planning manage crisis through confrontation, containment and cooperation rather than escaping. Therefore, the pharma sector ought to manage crisis through strategic approach by integrating the strategy process with crisis management planning. As such, they ought to focus on making the management of crisis an integral as well as an integrated part of strategic planning.

Cahyanto and Pennington-Gray (2017) found the same correlation between containment strategies and business continuity. Several resources, including economic resources, social and political capital, human capital, physical resources, and tourism resources, were necessary to contain a catastrophe. According to the findings of the study, businesses that have an optimal distribution of these resources have a greater chance of containing crisis circumstances and, as a result, have a greater chance of continuing their operations even after the emergence of a crisis. Silbermayr and Minner (2014) carried out research to investigate the activities that are taken in reaction to disturbances in a supply chain, which was something that researchers in the past had neglected to look into. Within two months of a supply chain disruption, 55.2% of acute hospitals in the United Kingdom that participated in the study did not have at least 76% of their drug lines in stock. This number shows the total number of hospitals participating. The length of the disruption, which in turn impacts performance, is a determining factor in the strategic response that must be taken to repeated patterns of supply chain interruptions.

#### **2.3.4 Preventive Strategies on Organization Performance**

The objective of crisis prevention approaches is to prevent the occurrence of a crisis by implementing the procedures and protocols necessary to recognize one (Mikulic et al., 2016). These tactics may include vulnerability audits and reverse engineering of past disasters in the industry, both of which aim to reduce the risk of a similar crisis occurring in the future. Other

options include appointing a visionary board capable of anticipating and preparing for a crisis, training and empowering staff to prevent and detect a crisis, and hiring a senior management team with expertise in risk management. All of these methods can be utilized to mitigate the effects of a crisis (Abatecola et al., 2014).

Alzatari and Ramzani (2019) conducted study on crisis management strategies and their effects on the performance of Palestinian organizations. Any company will inevitably experience a crisis, as it can emerge in numerous forms and to varied degrees. 140 staff members volunteered to participate in the survey for the purpose of conducting this study. To offer direction for the research, two hypotheses were formulated, and partial correlation was employed to examine the collected data. Management concerns with the crisis management plan are related to poor organizational performance, and the crisis management strategy has no effect on the company's performance, according to the findings.

According to Slater (2019), prevention techniques in crisis response help to identify the sequence of measures that need to be followed to assist in preventing damage and restoring business operations. This is an important stage. According to Mwangi (2017), it is essential to utilize prevention crisis management tactics in conjunction with the business continuity strategy in order to maximize the overall benefit to the firm. These strategies are helpful in mitigating the effects of business disruption events, as well as preventing them, planning for them, responding to them, managing them, and recovering from them.

Another study was conducted by Agrawal et al., (2014) to examine prevention of crisis in lean product development in firms in the pharma sector, focusing on methods of managing risks and high-performance teams. Here, risk and risk management are described based on the lean product development context. Basic notions are presented to define the axiomatic attributes of risk, failure modes, causal structure, and cause-and-effect networks, emanating from the definition of risk. From a review of literature, a generic framework for managing risks is defined and an array of risk management methods in the development of products is presented.

The relationship between high-performance teams and risk management is analyzed, and it is demonstrated that both aspects are helpful to the organization as a whole. The first phases of the study involved selecting a product family, constructing a map of the current state, determining the types of wastes that exist, and developing a map of the potential future state. Mathenge

(2011) investigated the role that preventative measures played in Kenyan state enterprises' efforts to lessen the likelihood of a crisis occurring in the country. According to the findings of the study, disasters in state-owned businesses are less likely to occur when preventative measures are put into place. It has been discovered that working together with external players (such as the government, regulators, customers, and suppliers) during a crisis can improve the rate at which one recovers from a catastrophe.

Another study was conducted by Agrawal et al., (2014) to examine prevention of crisis in lean product development in firms in the pharma sector, focusing on methods of managing risks and high-performance teams. Here, risk and risk management are described based on the lean product development context. Basic notions are presented to define the axiomatic attributes of risk (failure modes, causal structure, and cause-and-effect networks), emanating from the definition of risk. From a review of literature, a generic framework for managing risks is defined and an array of risk management methods in the development of products is presented. The association between risk management and high-performance team is described and it is shown that both are mutually beneficial.

Bundy et al. (2017) examined essential crisis management processes and conducted an empirical research of crisis management preparation in the Greece pharmaceutical region. The study also presents a model of best practices that corporate executives in the Greek pharmaceutical market may use to assess their degree of awareness and establish crisis management plans based on the findings of the study. The data for this exploratory study were acquired through semi-structured in-depth interviews with sixteen pharmaceutical companies' top executives. We assessed the substance of the open-ended questions. According to the responses to the questionnaires, the pharmaceutical industry is very susceptible to crisis conditions, a position that has been aggravated by the economic crisis in Greece. Nevertheless, the survey results indicate that pharmaceutical businesses in Greece have a fair degree of crisis management adoption, even if there is space for future progress in addressing serious market hazards. This study aims to build a scale that may be used to analyze the negative and positive effects of distinct crises on organizational performance, as well as to determine the relationship between the generated scale's subscales and the demographic variations between subscales. Today's economic climate needs the construction of a comprehensive, enterprise-wide crisis management plan, particularly

in the pharmaceutical industry, where error might result in civilian deaths.

## **2.4 Research Gaps**

Gikuhi did study under the title "Crisis Management Strategies and Business Continuity for Kenya's Star-Rated Hotels" (2020). He claimed that a company's management often employs aggressive crisis management tactics. These strategies entail studying the issue to discover its root cause and gathering sufficient, trustworthy, and comprehensive data surrounding the crisis (Rhee & Valdez, 2009). It entails confronting the current situation, identifying well-organized ways to respond to the crisis, and establishing effective crisis response teams with access to the necessary resources. Each emergency is unique and necessitates the use of certain assets and capabilities; they must be defined, and each participant's responsibilities must be delineated, to ensure efficient execution. In addition, the affected parties must be provided with good crisis communication, and the response teams must preserve unity. In addition, they include providing an explanation for why the integrity breach occurred, combating fake social media publications by providing a verifiable explanation to the affected parties, and providing free services to the affected parties if the quality of the services provided was inadequate. The study was however carried in limited to star rated hotels industry and thus therefore this study will concentrate more on manufacturing industries and fill the gaps.

Boin, Hart and Stern (2015) did a study on crisis management strategy and impact it has on employee performance at the Arab Potash Company. The study used 240 self-administrated questionnaires for data collection. The study found that the management of Potash Company purposed to solve their challenges and crisis. The researchers recommended that there is a need for the government and private entities that they must condense their efforts to help mitigate the crises that the Jordanian corporations faced. The government should also provide a manager and leaders training center and thus enable corporations to deal with crisis. The study was carried in Arab countries and concentrated on one organization and thus limited information hence this study will contrate on different manufacturing sector in Kenya and comes up with comprehensive solutions.

Bundy et al. (2017) conducted an examination of critical crisis mitigation mechanisms as well as an empirical analysis of the preparation for crisis mitigation in the Greece pharmaceutical region. The study also provides a best practice model that corporate leaders in the Greek pharmaceutical

market can use to assess their level of awareness and develop crisis mitigation plans based on the study findings. The study is exploratory in nature, with data collected through semi-structured in-depth interviews with key executives at sixteen pharmaceutical companies. The content of the open-ended questions was analyzed. According to the responses to the questionnaires, the pharmaceutical sector is extremely vulnerable to crisis situations, which has been exacerbated by Greece's monetary crisis. However, the survey results indicate that companies in Greece's pharmaceutical industry have a respectable level of crisis mitigation adoption, even if there is room for improvement in the future to deal with credible market risks. The purpose of this study is to develop a scale that can be used to examine the negative and positive effects of distinguishing crises on organizational performance, to determine the relationship between the developed scale's subscales, and to determine the differences between subscales according to demographic qualifications. Today's business environment necessitates the development of a robust, enterprise-wide crisis mitigation plan, particularly in pharmaceutical companies, where a "mistake" can result in civilian casualties. The study was conducted in Greece and thus the need to carry out the study in Kenya and come up with possible solutions on how to fill the identified gaps.

The relationship between high-performance teams and risk management is analyzed, and it is demonstrated that both aspects are helpful to the organization as a whole. The selection of a product family, the construction of the present state map, the identification of distinct wastes, and the development of a future state map were the first steps in the study. Mathenge (2011) investigated the role that preventative measures played in Kenyan state enterprises' efforts to lessen the likelihood of a crisis occurring in the country. According to the findings of the study, disasters in state-owned businesses are less likely to occur when preventative measures are put into place. The research was carried out in state corporations; hence, it was necessary to carry out the research in manufacturing organizations in order to fill in any gaps.

Randiek (2019) examined the importance of crisis response tactics in defining crisis culpability and their subsequent impact on the Kenya Power and Lighting Company's corporate reputation (KPLC). The study collected secondary data from Facebook posts made by customers. The textual data collected from KPLC's Facebook page was then coded according to the study's goals. The researcher adopted a qualitative approach with a descriptive design as the major



research method and design. KPLC utilized denial, declaring in a Facebook post that there was no problem and everything was under control. KPLC also employed an excuse tactic, denying any intention to generate a crisis and assured affected parties that the issue will soon be under control while engineers worked to restore normalcy. Therefore, the study advises that the rebuild strategy be continued in any crisis situation and that further research be performed on the use of alternative mass media such as print media and radio transmissions for crisis mitigation by any organization with a national vision.

Lando and Agnes (2014) investigated the relationship between strategic planning and crisis prevention in a variety of Jordanian business environments, as well as the role of strategic planning in crisis situations. The survey drew on research on emerging economies' strategic planning and crisis mitigation. The purpose of this study was to conduct a review of the literature on crisis mitigation and strategic planning in developing countries. The qualitative approach was chosen for this report because it enables the researcher to collect additional data and develop a more complete understanding of the field's evolution. To begin, business leaders will be able to devise their own practical strategies for resolving crises or mitigating their effects. The qualitative approach was chosen for the report because it enabled the researcher to collect additional data and identify more in-depth field developments. To begin, business leaders can hone their practical strategies for limiting their influence or resolving crises. Additionally, management will be able to manage and operate more strategically during a crisis. Finally, businesses will develop more capable managers and employees capable of instilling others with a sense of hope and progress. Management should adopt and evolve the best current practices for preventing and mitigating the effects of crises.

Diana (2015) conducted a study to ascertain how SMEs in Garissa, Kenya, manage crises. The study targeted 194 Small and Medium-Sized Enterprises directly. A structured questionnaire was used to collect primary data. The researcher then used SPSS to analyze the data. The findings were presented using frequency tables and means. Additionally, the study used a one-sample t-test. 178 respondents completed and returned questionnaires, resulting in a response rate of 91.75 percent. The study discovered that crisis situations such as terrorist attacks, severe weather, financial crisis, competitor factor, inter-clan rivalry, robbery incidents, political instability, technological development, fire outbreaks and employee theft were extremely prevalent. The

study also discovered that most frequently used crisis management strategies by small and medium-sized businesses in Garissa town were one-off crisis management, proactive approach, re-active approach, and adaptive decision making.



**Table 2.1 Summary of Knowledge Gaps**

<b>Study</b>	<b>Focus of Study</b>	<b>Findings</b>	<b>Research Gap</b>	<b>Focus of current study</b>
Boin, Hart & Stern (2015)	Crisis management strategy and the impact it has on the Arab Potash Company employee performance	The study found that the management of Potash Company purposed to solve their challenges and crisis.	Focus of the study was on potash companies at Arab	The study will focus on manufacturing SMEs in Nairobi County
Bundy et al., (2017)	Crisis management mechanisms on preparation of managing crisis in the Greece pharmaceutical region.	The study found that pharmaceutical industry has a respectable crisis management adoption level.	The study used exploratory study.	The study will use descriptive research design
Bryson (2018)	Crisis management practices on business enterprise sustainability	Significant negative relationship between employee, organization culture and organization performance	The study was conducted at Palestine	The study will focus on Kenya context
Randiek (2019)	Crisis response strategies on crisis responsibility and their subsequent contribution to organizational reputation	The study found that KPLC also used an excuse strategy by denying the intention to cause a crisis where it explained the cause of the crisis to the stakeholders.	The study adopted secondary data.	The current study will focus on all departments of university.
Lando and Agnes (2014)	Strategic planning affects crisis prevention in various business environments in Jordan, as well as the role of strategic planning in crisis situations	The study found that business executives will be able to refine their practical strategies for limiting their influence or resolving crises	The study focused on Jordan	The current study will focus on manufacturing SMEs
Diana (2015)	Crisis management strategies adopted by SMEs in Garissa town, Kenya	The crisis management strategies adopted includes one-off basis crisis management, proactive approach, reactive approach and adaptive decision	The study focused on the impact SMEs at Garissa	The current study will focus on manufacturing SMEs operating in Nairobi County.

		making.		
Gikuhi (2020)	Crisis management strategies and business continuity for star rated hotels in Kenya	The study found a statistically positive relationship between prevention strategies, containment strategies, confrontation strategies and business continuity	The study focuses on star rated hotels in Kenya	The current study will focus on manufacturing SMEs specifically within Nairobi County
Alzatari and Ramzani (2019)	Crisis management strategy and its influences on organizational performance	The study established that crisis management strategy does not have any effect on organizational performance	The study focused on Palestine which is more developed than Kenya	The current study will be conducted in Kenyan context
Randiek (2019)	Role of online crisis response strategies on organizational reputation at Kenya Power and Lighting Company	The study revealed that denial, confrontation and excuse strategy were used in response to crisis	The study used qualitative data and used secondary data	The current study will adopt quantitative data and will use primary data which will be collected using questionnaire
Sohn and Lariscy (2014)	organizational effectiveness affects the containment of crisis	The study found that all dimensions of organizational effectiveness such as goal achievement, adaptability, beneficiary satisfaction, have a direct impact on crisis management stages	The study focused on organization effectiveness in containing crisis	The current study will be conducted in Kenya context and will focus on how containment strategies enhance crisis management

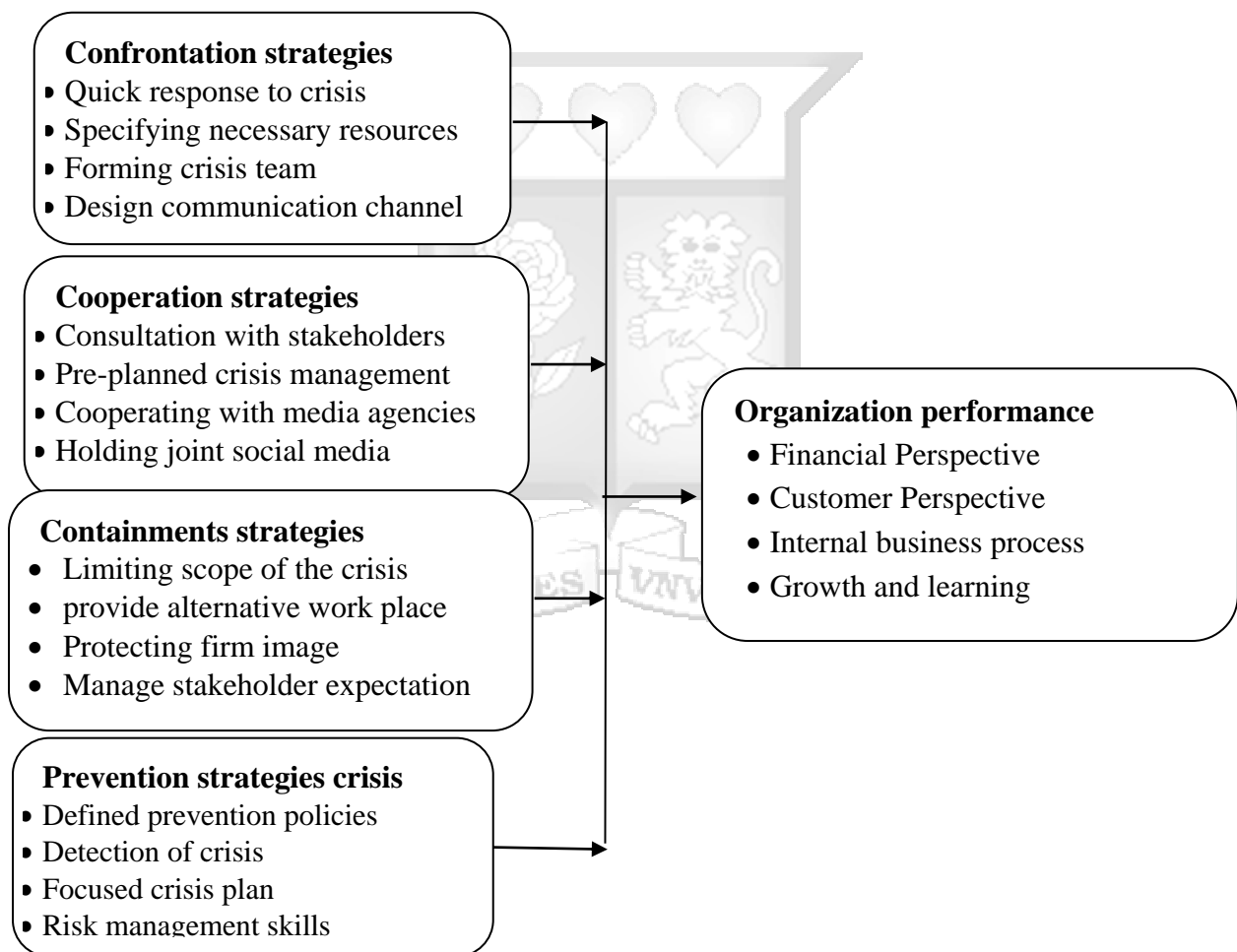
**Source: Researcher (2022)**

## 2.5 Conceptual Framework

The conceptual framework defines the scientific technique of inquiry used to quantify certain notions. According to Mugenda & Mugenda (2003), a conceptual framework is a diagram that depicts the link between the dependent variable and independent components. The study hypothesizes that crisis mitigation strategies have significant effect on confrontation mitigation strategies, cooperation mitigation strategies, containment mitigation strategies and preventive mitigation strategies while dependent variable will be performance of SMES in Nairobi County.

### Independent Variables

#### Crisis mitigation strategies



Source: Researcher (2022)

Figure 2.1 Conceptual Framework

## 2.6 Operationalization of Study Variables

Operationalization enables the transformation of constructs' abstract concepts into observable properties that can be assessed with indicators. The dependent and independent variables were measured using a 5-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). Indicators to be used in the study are summarized in the table below

**Table 2.2 Operationalization of Variables**

Variable	Constructs	Operational Definition	Indicators	Measurement Scales	Source(s)
Independent variable (Organizational Culture)	<b>Confrontation</b>	Strategies involve analyzing the problem to determine its root cause and collecting sufficient and correct information to manage a crisis.	<ul style="list-style-type: none"> <li>• Quick response to crisis</li> <li>• Specifying necessary resources</li> <li>• Forming crisis team</li> <li>• Design communication channel</li> </ul>	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	Luo & Zhai, (2017)
	<b>Cooperation</b>	Is the strategy aimed at mitigating the effects of a crisis through collaborative problem-solving involving all stakeholders	<ul style="list-style-type: none"> <li>• Consultation with stakeholders</li> <li>• Pre-planned crisis management</li> <li>• Cooperating with media agencies</li> <li>• Holding joint social media</li> </ul>	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	Becken and Hughey (2013)
	<b>Containments</b>	These are actions that aid in minimizing the spread and impact of a crisis.	<ul style="list-style-type: none"> <li>• Limiting scope of the crisis</li> <li>• provide alternative work place</li> <li>• Protecting firm image</li> <li>• Manage stakeholder expectation</li> </ul>	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	Budd, Bell and Brown (2009)

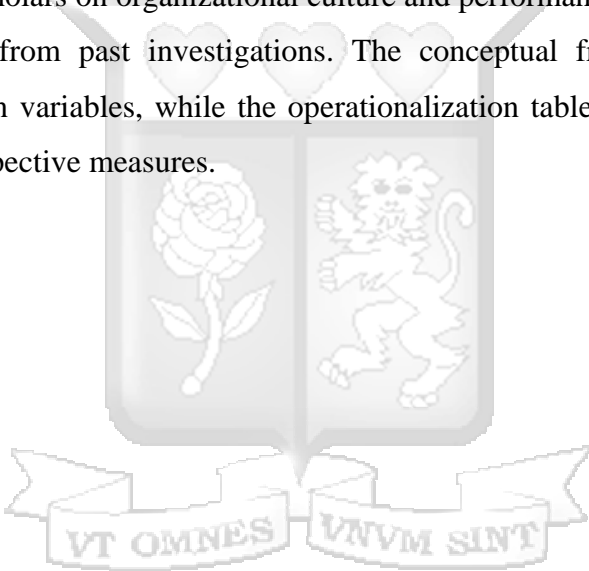
	<b>Prevention</b>	These tactics are intended to avoid a crisis from arising by implementing the necessary policies and processes to detect one.	<ul style="list-style-type: none"> <li>• Defined prevention policies</li> <li>• Detection of crisis</li> <li>• Focused crisis plan</li> <li>• Risk management skills</li> </ul>	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	Mikulic <i>et al.</i> , (2016).
<b>Variable</b>	<b>Constructs</b>	<b>Operational Definition</b>	<b>indicator</b>	<b>Measurement Scales</b>	<b>Source(s)</b>
<b>Dependent variable (Organization performance)</b>	Financial Perspective	Is the measurement that determines how happy customers are with a company's products, services, and capabilities	<ul style="list-style-type: none"> <li>• Profit realized</li> <li>• Available finances</li> </ul>	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	Malgwi and Dahiru (2014)
	Customer Perspective	This is an expression of dissatisfaction on a consumer's behalf to a responsible party.	<ul style="list-style-type: none"> <li>• Customer complaints</li> <li>• Decision making</li> </ul>	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	Meena (2017)
	Internal business process	Is the parameter which is used to measure the performance of the sales team to increase the revenue over a pre-determined period of time	<ul style="list-style-type: none"> <li>• Safety</li> <li>• Service delivery</li> </ul>	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	Meena (2017)

	Growth and Learning	This is the measure of the portion of a market controlled by a particular company or product.	<ul style="list-style-type: none"> <li>• Team building</li> <li>• Capacity building</li> </ul>	Five-point Likert scale 1-Strongly Disagree 2-Disagree 3- Neutral 4-Agree 5-Strongly Agree	Lawrie, Abdullah, Bragg and Varlet (2016)
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Source: Researcher (2022)

**2.7 Chapter Summary**

This chapter examined the ideas upon which the study was based as well as the empirical research conducted by scholars on organizational culture and performance. Summarized were the research gaps resulting from past investigations. The conceptual framework illustrates the interrelationships between variables, while the operationalization table highlights the variables' descriptions and their respective measures.





## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter focuses on the methodology of the study and starts with outlining the philosophy of the research, research design, population of the study, data collection, data analysis, research quality and ethical considerations of this study.

#### **3.2 Research Philosophy**

A research philosophy is a system of views concerning the gathering, analysis, and application of evidence pertaining to a phenomenon. The essential philosophical concepts in social sciences are ontology, epistemology, and paradigm (Scotland, 2012). According to Collis and Hussey (2013), two research paradigms range from positivism to phenomenology. The first paradigm is positivism, often known as the quantitative, objectivist, or traditionalist research paradigm. It aims to explain social phenomena by establishing a relationship between variables, which are numbers representing information. In this quantitative method, hypotheses regarding the relationship between two or more variables are formulated with precision. Positivism holds that there is no absolute perspective outside of an individual's historical and cultural context (Gelo, 2012). In addition, its perspective that there is no formal logic based on pure sense data that can offer the basis for knowledge makes it more correct (Aliyu, Bello, Kasim, & Martin, 2014).

The phenomenological paradigm, also known as the qualitative, subjectivist, or humanistic approach, is the second philosophy. This method posits that social reality is within the unit of research and that the act of investigating this reality has an effect on it. According to Babbie (2011), positivist research is typically centered on logical reasoning, where a number of hypotheses are created for testing and empirical verification is then sought. This paradigm places a great deal of emphasis on the subjective or qualitative condition of the individual; consequently, it is referred to as qualitative research.

This study employed positivism, which has been judged to be the most suitable research philosophy. Positivism research is preferred because it assumes that the knowledge developed in this study is based on careful observation and measurement of objective reality; the problem under investigation is viewed as independent and distinct; and the study seeks to test hypotheses to determine the relationship between the variables (Cooper & Schindler, 2014). Due to its

deductive and objective structure, it facilitates the use of both qualitative and quantitative data to test hypotheses drawn from the theoretical conceptual framework.

### **3.3 Research Design**

Research design is the basic strategy for combining aspects of a study in a logical and efficient manner to meet the research problem (Kothari, 2010). Cooper and Schindler (2014) assert that descriptive research provides an accurate profile of individuals, events, or situations by documenting existing conditions and attitudes using observation and interpretation methodologies. It permits gathering of quantitative data that can be quantitatively examined with descriptive and inferential statistics.

This study employed a descriptive cross-sectional survey approach because it represents things as they are now observed. The cross-sectional research strategy is chosen because this study is a survey that collects data at a single moment in time, and it was conducted in July of 2022. Related studies employing this methodology are Michuki (2018) and Adede (2017).

### **3.4 Population of the Study**

A researcher's target population consists of those who hold the sought-after knowledge (Solverman, 2016). Taylor, Bogdan, and DeVault (2015) define a population as the sum of all individuals or entities that share at least one attribute. The sample for this study comprised of 228 manufacturing SMEs registered in Nairobi County (KAM, 2021).

### **3.5 Sampling Design**

The study adopted Krejcie and Morgan (1970) method of determining sample size and stratified random sampling technique. The sample size was 144 respondents drawn from a target population of 228 using the Krejcie and Morgan table (1970). The sample size calculation per strata is as shown in Table 3.2. Stratified random sampling technique was adopted to ensure the distribution of the respondents in each category of manufacturing SMEs. The sample size was selected from the managers, operators, supervisors and the owners of the SMEs in the manufacturing sectors who were preferred because they deal with day-to-day activities of the SMEs and thus they are deemed to be in a better position to respond the questions that this study seeks. Thus, the sample size of this study was 144 respondents.

**Table 3.1 Distribution of Sample Size**

Categories of Manufacturing SMEs	Population	Sample size
Food and beverage	49	31
Paper and board sector	26	16
Automotive ‘	36	23
Metal and allied sector	34	21
Pharmaceutical and medical equipment sector	24	15
Leather products and footwear sector	32	20
Timber, wood and furniture sector	14	9
Energy, electrical and electronics	13	10
<b>Total</b>	<b>228</b>	<b>144</b>

**Source: Researcher (2022)**

### **3.6 Data Collection**

The study employed primary data where data was collected using questionnaire. The questionnaire is a good way of collecting the data required for this kind of research (Saunders, Lewis & Thornhill, 2012), as it's easy to distribute and the confidentiality can be assured. For this study, closed ended questions were used following 5-point Likert scale. The questionnaire was sub-divided into three sections where Section A focused on information on respondents, part B was about Crisis mitigation strategies while part C was on organizational performance.

The researcher distributed questionnaires using the drop-off and pick-up approach or requested that respondents complete the questionnaires and return them to an address specified by the researcher. A cover letter outlining the aim of the data collection and the confidentiality of the information collected was included with the surveys. The researcher scheduled appointments prior to delivering and retrieving the completed questionnaire.

### **3.7 Data Analysis**

The techniques for data analysis and testing are described in this section. The data was edited, coded and cleaned prior to processing the responses. In addition, quantitative data was collected as part of the project. The quantitative data was coded and recorded using SPSS 23.0 version. Researchers utilized statistical methods to describe the data and determine the level of agreement that respondents have with the numerous assertions mentioned under each of the categories in the

study. The data was analyzed according to the variables and objectives of the study. Utilized in descriptive statistics are frequencies, means, and standard deviations. Additionally, multiple linear regression and correlation analyses were employed to generate inferential statistics. The regression equation is:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \alpha$$

Where: **Y** is the dependent variable (Performance of SMES),

**B<sub>0</sub>** is the regression coefficient/constant/**Y**-intercept,

**β<sub>1</sub>, β<sub>2</sub>, β<sub>3</sub>** and **β<sub>4</sub>** are the slopes of the regression equation,

**X<sub>1</sub>** is the confrontation,

**X<sub>2</sub>** is the cooperation,

**X<sub>3</sub>** is the containment,

**X<sub>4</sub>** is preventive,

**α** Error term at 95% confidence level

### 3.8 Research Quality

This section presents the validity and reliability test of the study.

#### 3.8.1 Reliability Test

A reliable questionnaire yields the same results when administered repeatedly to the same group (Collis & Hussey, 2013). According to Zikmund et al. (2012), the degree of dependability is. In this investigation, the internal consistency (reliability) of the measuring equipment was determined using the Cronbach alpha coefficient. George and Mallery (2003) offer the following guidelines for the Cronbach's alpha test: ">.9 – Excellent, >.8 – Good, >.7 – Acceptable, >.6 – Questionable, >.5 – Poor, and .5 – Unacceptable." Cooper and Schindler (2006) believe a Cronbach's alpha coefficient between 0.7 and 0.9 to be acceptable. Gliem and Gliem (2003) provide a Cronbach's value of 0.70, whilst Asikhia (2009) suggests a reliability threshold of 0.60. Bagozzi and Yi (2012) purport that a value of 0.5 is considered reliable. When the results are consistent, then the research instrument is regarded as being strong as indicated by Kerlinger and Lee (2000). When the results are consistent, then the research instrument is regarded as being strong as indicated by Kerlinger and Lee (2000).

**Table 3.2 Summary of Reliability Results for the Study**

Variable	Component	Cronbach's Alpha Coefficient	Number of Items	Interpretation for the study
<b>Confrontation strategies</b>	<ul style="list-style-type: none"> <li>• Quick response to crisis</li> <li>• Specifying necessary resources</li> <li>• Forming crisis team</li> <li>• Design communication channel</li> </ul>	0.913	10	Reliable
<b>Cooperation strategies</b>	<ul style="list-style-type: none"> <li>• Consultation with stakeholders</li> <li>• Pre-planned crisis management</li> <li>• Cooperating with media agencies</li> <li>• Holding joint social media</li> </ul>	0.789	10	Reliable
<b>Containments strategies</b>	<ul style="list-style-type: none"> <li>• Limiting scope of the crisis</li> <li>• Provide alternative work place</li> <li>• Protecting firm image</li> <li>• Manage stakeholder expectation</li> </ul>	0.776	10	Reliable
<b>Containments strategies</b>	<ul style="list-style-type: none"> <li>• Defined prevention policies</li> <li>• Detection of crisis</li> <li>• Focused crisis plan</li> <li>• Risk management skills</li> </ul>	0.696	10	Reliable
<b>Organization Performance</b>	Financial Perspective Customer Perspective Internal business process Growth and learning	0.871	12	Reliable

**Source: Researcher (2022)**

### **3.8.2 Validity Test**

According to Cooper and Schindler (2014), the most important characteristic of a measuring instrument is its validity, as it should measure what it is intended to measure. There are three methods for evaluating validity: content or face validity, construct validity, and criteria validity (Johnston, 2014). This investigation will utilize both idea and content validity. The content validity of the instrument was established by interaction with crisis management experts in the

manufacturing sector. With the aid of the supervisor, construct validation was undertaken to guarantee that all parts of the conceptual framework are reflected in the questionnaire. This is consistent with Cooper and Schindler's (2011) suggestion to ensure face, content, concept, and contemporaneous validity when doing research

In research surveys, a pilot study involving 10 to 30 percent of the sampled population is optimal (Connelly, 2008). In this study, 10 percent of the sample respondents participated in the pilot study. The pretest was administered to fourteen employees from manufacturing enterprises operating in Kiambu County. The findings of the pilot study were not included in the conclusions of the final study. The results of this test were utilized to modify the questionnaire's wording, phraseology, and sentence structure, as well as its conformity with the objectives.

### **3.9 Ethical Considerations**

The researcher received the authority letter from Strathmore University and utilize a copy to obtain the research authority letter and permit from National Commission for Science, Technology, and Innovation (NACOSTI). The researcher notified the Ministry of Education office in Nairobi and the County Commission office in Nairobi of the intention to conduct the study. Likewise, Kenya Association of Manufacturers was informed of the data collection intention so that they can provide updated list of the registered SMEs. Before any data is collected from the respondents, the researcher debriefed the respondents about the questions and seek for their written consent to participate in the survey. No respondent was coerced to engage in the research in order for the researcher to fulfill the study's aims; participation was voluntary through informed consent of possible respondents. The management of the SMEs were assured that the study was solely for academic purposes.

### **3.10 Diagnostic Tests**

Statistical tests are based on a set of assumptions and application of diagnostic tests provides assurance that data does not fail the assumptions. The assumption of regression analysis is that the study variables have normal distribution and free from outliers that may distort relationships and significance tests. To avoid distortion of test results and reduction of measurement errors, outliers detected on the study variables were removed. Multicollinearity was tested using Tolerance and Variance Inflation Factor (VIF) with Tolerance greater than 0.1 showing multicollinearity (Saunders et al., 2011).

### 3.11 Chapter Summary

This chapter describes the research approach that was considered during the duration of the project. It has emphasized process by examining the research design, demographic and sampling design, data collection methods, research processes, and data analysis methodologies.



## CHAPTER FOUR

### DATA ANALYSIS, FINDINGS AND INTERPRETATION

#### 4.1 Introduction

This chapter presents the results and findings of the study with regards to the research objectives. It presents the respondent demographics and findings on performance of small and medium enterprises as indicated in the research questions.

#### 4.2 Response rate

The researcher distributed 144 questionnaires to respondents, of which 109 questionnaires were correctly filled and returned for analysis, representing 75.7%, while 35 questionnaires were never returned for analysis, representing 24.3%. The analysis agrees with Mugenda and Mugenda (1999), who indicated that a response rate of over 70 percent is exceptional when doing research

**Table 4.1: Response Rate**

Category	Frequency	Percentage
Returned questionnaires	109	75.7%
Not Returned questionnaires	35	24.3%
<b>Total</b>	<b>109</b>	<b>100%</b>

#### 4.2.1 Gender

The analysis was done based on gender of the respondents. The results are shown in table 4.2

**Table 4.2 Gender of the Respondents**

Category	Frequency	Percentage
Male	65	59.7
Female	44	40.3
<b>Total</b>	<b>109</b>	<b>100.0</b>

**Source: Researcher (2022)**

From the study analysis, majority of the respondents were male who were represent by 59.7 percent while 40.3% represented female. The researcher was able to gather information from both gender who had different opinion about crisis mitigation strategies on performance of small and medium enterprises in the manufacturing sector.



#### 4.2.2 Age of the Respondents

The purpose of the study was to examine the age of respondents who participated in the study. The results are shown in figure in table 4.3

**Table 4.3 Age of the Respondents**

Category	Frequency	Percentage (%)
Below 35 Years	9	8.2
36-45 Years	21	19.3
46-55 Years	43	39.4
Over 56 Years	36	33.1
<b>Total</b>	<b>109</b>	<b>100.0</b>

**Source: Researcher (2022)**

Based on the age bracket of the respondents, majority were between 46-55 years represented by 39.4 percent, followed by over 56 years represented by 33.1 percent, 36-45 years were represented by 19.3 percent while below 35 years was represented 8.2 percent. The study showed that most of the respondents had adequate experience to run their business and were thus considered relevant respondents for the study.

#### 4.2.3 Position in the Firm

The study intended to determine the respondent's position in the firm. The results are indicated in table 4.4

**Table 4.4 Position in the Firm**

Category	Frequency	Percentage (%)
Manager	36	33.0
Operator	21	19.3
Owner	31	28.4
Supervisor	19	17.5
Others	2	1.8
<b>Total</b>	<b>109</b>	<b>100.0</b>

**Source: Researcher (2022)**

Based on findings, majority of the respondents were managers represented by 33.0 percent, business owners were 28.4 percent, operators were 19.3 percent, supervisors were 17.5 percent

while others were 1.8 percent. Most of the respondents were managers who were deemed to have adequate knowledge since they were involved in day to day running of the business and thus, they were aware of the challenges facing SMEs in terms of performance

#### 4.1.4 Category of Manufacturing Sector

The study intended to establish how the category in which business operated. The results are shown in table 4.5

**Table 4.5 Years of Operation**

Category	Frequency	Percentage (%)
Food and beverage	43	39.4
Paper and board	16	14.7
Automotive	5	4.6
Metal and allied	9	8.3
Leather products	19	17.4
Energy, & electronics	11	10.1
Pharmaceutical	6	5.5
<b>Total</b>	<b>109</b>	<b>100.0</b>

**Source: Researcher (2022)**

The findings indicated that most the business were under food and beverage category represented by 39.4 percent, paper and board was represented by 14.7 percent, automotive was represented by 4.6 percent, metal and allied was 8.3 percent, leather products were 17.4 percent, energy and electronic was 10.1 percent while pharmaceutical was indicated by 5.5 percent. The study indicated that food and beverage companies dominated SMEs in manufacturing sector which showed that they encountered challenges when adopting crisis mitigation strategies. All the industries in the sector were adequately represented in the study.

#### 4.1.5 Business Operation

The study aimed to find out how the business operated. The results are shown in table 4.6

**Table 4.6 Business Operation**

Category	Frequency	Percentage (%)
Limited Company	57	52.3
Partnership	31	28.4
Sole proprietorship	21	19.3
<b>Total</b>	<b>109</b>	<b>100.0</b>

**Source: Researcher (2022)**

Based on the analysis, most the businesses were operated as limited company represented by 52.3 percent, 28.4 percent represented partnership while sole proprietorship was represented by 19.3 percent. The research showed that the players in this sector are duly legally registered and thus could be relied upon for feedback for this study.

#### 4.3 Descriptive Statistics

The research employed descriptive statistics, such as frequencies, percentages, the mean and the standard deviation.

##### 4.3.1 Confrontation Management Strategies and Performance of SMEs in the Manufacturing Sector

The study aimed at analyzing how confrontation management strategies affect performance of SMES in the manufacturing sector. The results are presented in table 4.7

**Table 4. 7 Descriptive Statistics on Confrontation Management Strategies**

Confrontation management Strategies	N	Mean	Std Dev
The management provide a quick response to crisis which shows that the firm is in control of the situation	109	3.51	1.094
To cope with crisis, management allocates necessary resources that fits to cope with the crisis	109	3.56	1.134
Management forms capable crisis response teams with necessary skills and knowledge to cope with the crisis	109	3.75	0.925

The management establish communication team that responds to any questions arising on the matter though media and social media	109	3.94	1.065
<b>Overall Scores</b>		<b>3.69</b>	<b>1.05</b>

**Source: Researcher (2022)**

The study revealed that majority of the respondents strongly agreed that the management has established communication team that responds to any questions arising on the matter through media and social media which was represented by a mean of 3.94, the management forms capable crisis response teams with necessary skills and knowledge to cope with the crisis was represented by a mean of 3.75, to cope with crisis, management allocates necessary resources that fits to cope with the crisis was represented by a mean of 3.56 while agreed indicated that the management provide a quick response to crisis which shows that the firm is in control of the situation which was represented by a mean of 3.51. Based on average of 3.69 it can be concluded that for small and medium enterprises to perform effective they should have clear form of communication between the customers and the management and any problem arising should be solved appropriately.

**4.3.2 Cooperation Management Strategies and Performance of SMEs in the Manufacturing Sector**

The study aimed at analyzing how cooperation management strategies affect performance of SMEs in the manufacturing sector. The results are presented in table 4.8

**Table 4. 8 Descriptive Statistics on Cooperation Management Strategies**

<b>Cooperation management strategies</b>	<b>N</b>	<b>Mean</b>	<b>Std Dev</b>
During the crisis, management consults the stakeholders in an attempt to find a solution to the crisis together	109	3.65	1.15
Management conduct pre-crisis management strategies that help in identifying ways of minimizing vulnerability in the event of a disaster.	109	3.95	1.02
The management cooperate with media in order to keeps everyone on the same page by preventing misinformation and the spread of	109	4.13	0.83

rumours.			
Our firm use available social media platform to broadcast important safety information, correct misinformation and build situational awareness	109	3.87	0.87
<b>Overall Scores</b>		<b>3.90</b>	<b>0.96</b>

**Source: Researcher (2022)**

Majority of the respondent with a mean of 4.13 strongly agreed the management cooperate with media in order to keep everyone on the same page by preventing misinformation and the spread of rumors, management conduct pre-crisis management strategies that helps in identifying ways of minimizing vulnerability in the event of a disaster was represented by a mean of 3.95 while Our firm use available social media platform to broadcast important safety information, correct misinformation and build situational awareness was represented by of 3.87. On whether during the crisis management consults the stakeholders in an attempt to find a solution to the crisis together the respondents agreed with the statement which was represented by a mean of 3.65. From the average mean of 3.90 it can be concluded that the management has adopted a media which keeps everyone informed when there is crisis management in the organization. It also indicated that SMEs had acquired digital platforms which assisted in solving customers issues and communication.

#### **4.3.3 Containment Management Strategies and Performance of SMEs in the Manufacturing Sector**

The objective of this study was to determine how cooperation management strategies influence the performance of SME manufacturers. The results are presented in table 4.9

**Table 4. 9 Descriptive Statistics on Containment Management Strategies**

<b>Containment management strategies</b>	<b>N</b>	<b>Mean</b>	<b>Std Dev</b>
Management ensure crisis situation has been resolved, stabilized or contained and that business has returned to normal operations	109	4.17	0.94
During crisis employees are provide alternative work place in order to ensure they are safe	109	4.10	0.922
Management provides response and information that is proactive complimented with solutions-driven messages in order to protect company image	109	3.50	1.22
Our firm have constant communication with the stakeholders in order to address the myriad reactions may have to the crisis situation	109	3.97	1.00
<b>Overall Scores</b>		<b>3.93</b>	<b>1.02</b>

**Source: Researcher (2022)**

The study findings indicated the management ensure crisis situation has been resolved, stabilized or contained and that business has returned to normal operations which was represented by a mean of 4.17. On whether during a crisis employees are provided with an alternative work place in order to ensure they are safe majority agreed with the statement with a mean of 4.10, our firm have constant communication with the stakeholders in order to address the myriad reactions may have to the crisis situation was represented by a mean of 3.97 while on whether management provide response and information that is proactive complimented with solutions-driven messages in order to protect company image was represented by a mean of 3.50. From the overall mean of 3.93 the study concluded that employees had been trained on how to handle a crisis in the organization and usually took appropriate action to prevent crisis in the business.

#### **4.3.4 Preventive Management Strategies and Performance of SMEs in the Manufacturing Sector**

The purpose of the study was to determine how preventive management strategies affect the performance of SME manufacturers. The results are presented in table 4.10

**Table 4. 10 Descriptive Statistics on Containment Management Strategies**

<b>Preventive Management Strategies</b>	<b>N</b>	<b>Mean</b>	<b>Std Dev</b>
Our firm has a prevention policy provide positive range of organizational responses to the crisis in future	109	4.03	0.98
We have put in place gadgets that is be able to gives signals on possible crisis that is about to happen and we take preventative measures	109	3.59	1.11
Our company has developed a crisis management plan that considers potential problem areas and proposes a solution for each of them so that the organization can emerge from the crisis as quickly as possible	109	3.99	0.94
The management ensures that there is a crisis risk management team in place with diverse skill on crisis management	109	3.99	0.92
<b>Overall Scores</b>		<b>3.90</b>	<b>0.98</b>

**Source: Researcher (2022)**

The study findings revealed that firm has a prevention policy to provide positive range of organizational responses to the crisis in future which was represented by a mean of 4.03, majority of the respondents agreed the management ensures that there is a crisis risk management team in place with diverse skill on crisis management which was represented by a mean of 3.99, the company has developed a crisis management plan that considers potential problem areas and proposes a solution for each of them so that the organization can emerge from the crisis as quickly as possible was also represented by a mean of 3.99 while

We have put in place gadgets that is be able to gives signals on possible crisis that is about to happen and we take preventative measures was represented by a mean of 3.59. From the overall mean of 3.90 it can be concluded SMEs have adopted adequate prevention policy which assisted in handling of crisis in and effective and efficient manner.

### 4.3.5 Organization Performance

The researcher sought to find out the impact of organization performance on SMEs in the manufacturing sector. Table 4.11 indicates the results obtained

**Table 4.11 Descriptive Statistics for Organization Performance**

<b>Organization performance</b>	<b>N</b>	<b>Mean</b>	<b>Std Dev</b>
In our firm we have been realizing profit for the last 3 years which enhance our performance	109	4.10	0.92
This organization utilizes financial resources well.	109	3.50	1.22
The shareholders are satisfied with the financial management within our organization	109	3.97	1.00
Our firm take customer complaints and suggestions that help in decision making thus enhancing organization performance	109	4.03	0.93
The management involves subordinates in decision making	109	3.76	0.98
Our clients are well aware of the work we do and we give regular updates	109	3.98	1.00
Safety is taken serious in our firm to manage crisis and therefore enhances organization performance	109	4.03	0.97
This organization provides quality services to its customers	109	3.59	1.11
Certifications from this organization are trusted worldwide	109	3.99	0.94
Our firm most of the employees are encouraged to pursue further studies.	109	3.98	0.92
Effective training and capacity-building programs empower personnel with the skills necessary to carry out their responsibilities.	109	3.93	0.95
Our firm has developed programs for training and capacity building for their employees' growth and learning	109	4.06	1.01
<b>Overall Scores</b>		<b>3.91</b>	<b>0.99</b>

**Source: Researcher (2022)**

The study findings on whether in our firm we have been realizing profit for the last 3 years which enhance our performance was represented by a mean of 4.10, Our firm has developed programs for training and capacity building for their employees' growth and learning was represented by a mean of 4.06, Safety is taken serious in our firm to manage crisis and therefore enhances organization performance and our firm take customer complaints and suggestions that



help in decision making thus enhancing organization performance was represented by a mean of 4.03, majority of the respondents agreed that certifications from this organization are trusted worldwide which was represented by a mean of 3.99, Our firm most of the employees are encouraged to pursue further studies and our clients are well aware of the work we do and we give regular updates was represented by a mean of 3.98, The shareholders are satisfied with the financial management within our organization which was represented by a mean of 3.97. the respondents also agreed that effective training and capacity-building programs empower personnel with the skills necessary to carry out their responsibilities which was represented by a mean of 3.93. This organization provides quality services to its customers was represented by a mean of 3.59 while the organization utilizes financial resources well was represented by a mean of 3.50. Based on the overall mean of 3.9, SMEs were able to realize profit based on mechanism which had been put in place to enhance business performance.

**Table 4. 12 Summary of Descriptive Statistics**

<b>Area of Focus</b>	<b>Item Description</b>	<b>N</b>	<b>Mean Score</b>	<b>Standard Deviation</b>
<b>Crisis Mitigation strategies</b>	Confrontation Management strategies	109	3.51	1.09
	Cooperation Management Strategies	109	4.10	0.92
	Containment Management Strategies	109	3.59	1.10
	Preventive Management Strategies	109	3.93	0.95
<b>Average Score</b>			<b>3.78</b>	<b>1.01</b>
<b>Performance of SMES</b>			<b>3.99</b>	<b>0.91</b>

**Source: Researcher (2022)**

From the scores in table 4.12, cooperation management strategies had the highest score which was 4.10, this was attributed by adequate consultation with stakeholders, pre-planned crisis management were well formulated, good cooperation with media agencies and regular holding of joint media. Preventive Management Strategies had a mean of 3.93 which indicated that it had an

influence on performance of small and medium enterprises. Prevention polices was properly designed and detection of crisis was spotted well in advance. The respondents also indicated that adequate management skills were required to copped with crisis management in small and medium enterprises. Containment Management Strategies had a mean of 3.59 which indicated that it fairly influences performance of small and medium enterprises. Confrontation Management strategies had a mean of 3.51 indicating that majority of the respondents were neutral. Based on the overall mean of 3.78, crisis mitigation strategies and performance of SMEs which were 3.78 and 3.99 it can be concluded that crisis mitigation strategies and organizational performance are very important to SMEs in the manufacturing sector in Kenya and therefore a study on the same would be very significant for the players.

#### 4.4 Diagnostic Tests

**Table 4.13 Test for Multi Collinearity Using Tolerance and VIF**

Model		Collinearity Statistics	
1	(Constant)	Tolerance	VIF
	Confrontation mitigation strategies	0.136	7.83
	Cooperation mitigation strategies	0.186	6.81
	Containment mitigation strategies	0.157	7.62
	Preventive mitigation strategies	0.198	8.96
a.	Dependent Variable: Operational Performance		

**Source: Researcher (2022)**

The study adopted Variance Inflation Factor (VIF) which will be applied using the threshold of 10 for severe multicollinearity. Predictors that have extremely small values are considered redundant, as stated by Liu, Kuang, Gong, and Hou (2003). According to this those that are lower than 0.1 signal the need for further investigation. The Variance Inflation Factor, abbreviated VIF, falls below the threshold value of 10 set as the highest possible. The results in table 4.13 revealed that there was no collinearity on confrontation mitigation strategies, cooperation mitigation strategies, containment mitigation strategies and preventive mitigation strategies since none of them had VIF greater than 5 or tolerance limits less than 0.1. This suggests that the researcher came to a conclusion the data set did not have multicollinearity.

## 4.5 Inferential Statistics

### 4.5.1 Correlation Analysis

The study correlation between the dependent and independent variable is shown in table 4.14

**Table 4. 14 Correlation of Independent and Dependent Variables**

		Correlations				
		Confrontation Management Strategies	Cooperation management Strategies	Containment management strategies	Preventive management strategies	Performance of SMES
Confrontation Management Strategies	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	109				
Cooperation management Strategies	Pearson Correlation	.110	1			
	Sig. (2-tailed)	.255				
	N	109	109			
Containment management strategies	Pearson Correlation	.079	.508**	1		
	Sig. (2-tailed)	.413	.000			
	N	109	109	109		
Preventive management strategies	Pearson Correlation	.274**	.416**	.349**	1	
	Sig. (2-tailed)	.004	.000	.000		
	N	109	109	109	109	
Performance of SMES	Pearson Correlation	.931**	.816**	.723**	.633**	1
	Sig. (2-tailed)	.172	.001	.000	.000	
	N	109	109	109	109	109

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Source: Researcher (2022)**

Based on table 4.14, there exist a strong positive correlation between confrontation management strategies, cooperation management strategies, containment management strategies and preventive management strategies which had a coefficient of 0.931, 0.816, 0.723 and 0.633. The study indicated that the four variables affect performance of small and medium enterprises.

#### 4.5.2 Regression Analysis

The study performed simple regression to determine the relationship between the dependent and independent variable

#### 4.5.3 Confrontation Management Strategies and Performance of SMEs in the Manufacturing Sector

The researcher carried out regression analysis to determine the extent to which Confrontation management Strategies influence performance of SMEs in the manufacturing sector. The results are shown in table 4.15

**Table 4.15 Regression Analysis on Confrontation Management Strategies and Performance of SMES in the Manufacturing Sector**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.328 <sup>a</sup>	.107	.099	1.038		
a. Predictors: Confrontation management Strategies						
ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.884	1	13.884	12.879	.001 <sup>b</sup>
	Residual	115.346	107	1.078		
	Total	129.229	108			
a. Dependent Variable: Performance of SMES						
b. Predictors: (Constant), Confrontation Management Strategies						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.126	.399		5.327	.000
	Confrontation Management Strategies	.351	.098	.328	3.589	.001
a. Dependent Variable: Performance of SMES						

Table 4.15 indicates the relationship between performance of SMEs and confrontation management strategies which represented independent variable. The results indicated that there a notable coefficient of determination between confrontation management strategies and performance of SMEs which is represented by R=0.328. The r squared is represented by 0.107.

The results indicated that there is 10.7% change in performance of SMEs as a result change in confrontation management strategies.

The study also carried ANOVA to determine the significance relationship between performance of SMEs and confrontation management strategies.  $F=12.879$  and the p value is 0.001 which is less than 0.005 thus the model is statistically significant in predicting how confrontation management strategies affects performance of SMEs. Given that  $p<0.05$  the model is significant at 95% confidence level and that the variables in the equation are important.

Confrontation management strategies had a coefficient of t 0.328 and  $p<0.05$ . This meant that the relationship was significant at 5% confidence level. The standardized coefficients indicate the corresponding change in the dependent variable when a change of one unit is affected in the independent variable. Thus, a 1% improvement in Confrontation management strategies will lead to a 32.8% change in performance of SMEs.

The regression equation is as follows;

$$Y=2.126+0.328C+0.098$$

Y=Performance of SMES

C=Confrontation management strategies

#### 4.5.4 Cooperation Management Strategies and Performance of SMEs in the Manufacturing Sector

The researcher carried out regression analysis to determine the extent to which cooperation management strategies influence organization performance of SMEs in the manufacturing sector.

The results are shown in table 4.16

**Table 4.16 Regression Analysis for Cooperation Management Strategies and Performance of SMEs in the Manufacturing Sector**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.218 <sup>a</sup>	.047	.038	.855
a. Predictors: (Constant), Cooperation management strategies				
<b>ANOVA<sup>a</sup></b>				

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.896	1	3.896	5.324	.023 <sup>b</sup>
	Residual	78.306	107	.732		
	Total	82.202	108			
a. Dependent Variable: Performance of SMES						
b. Predictors: (Constant), Cooperation management strategies						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.327	.250		13.312	.000
	Cooperation Management Strategies	.155	.067	.218	2.307	.023
a. Dependent Variable: Performance of SMES						

Table 4.16 demonstrates a direct relationship between the dependent variable (performance of SMEs independent variable (cooperation management strategies). The analysis shows a strong coefficient of determination between cooperation management strategies and performance of SMEs (R=0.218). Further, it is evident from the table that the coefficient of determination was significant (R Square=0.047, p<0.05). This implied that 4.7 % of variation in performance of SMEs is as a result of cooperation management strategies.

The ANOVA was also carried out to test the significance of the model, F=5.324, P=0.023 which is less than 0.05 indicating the model is statistically significance in predicating how confrontation management strategies influence performance of SMEs. The model is significant at 95 percent confidence level and that the variables in the equation are important

Confrontation strategy had a coefficient of 0.218 and p<0.05. This indicated that the relationship was significant at 5% level. The standardized coefficients indicate the corresponding change in the dependent variable when a change of one unit is affected in the independent variable. The analysis indicated that 1% improvement in confrontation strategies would result to 21.8% change in performance of SMEs.

The regression model is as follows;

$Y=3.327+0.218C+0.067$ ; where:

Y=Performance of SMES

C = Cooperation Management Strategies

#### 4.5.5 Containment Management Strategies and Performance of SMEs in the Manufacturing Sector

The researcher carried out regression analysis to determine the extent to which containment management strategies influence performance of SMEs in the manufacturing sector. The results are shown in table 4.17

**Table 4.17 Regression Analysis for Containment Management Strategies and Performance of SMES in the Manufacturing Sector**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.577 <sup>a</sup>	.333	.326	.801		
a. Predictors: (Constant), Containment management strategies						
ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	34.236	1	34.236	53.338	.000 <sup>b</sup>
	Residual	68.681	107	.642		
	Total	102.917	108			
a. Dependent Variable: Performance of SMES						
b. Predictors: (Constant), Containment management strategies						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.632	.337		4.843	.000
	Containment Management Strategies	.600	.082	.577	7.303	.000
a. Dependent Variable: Performance of SMES						

Table 4.17 demonstrated the relationship between containment management strategies, the independent variable and performance of SMEs which is the dependent variable. The analysis shows a strong coefficient of determination between containment management strategies and performance of SMEs (R=0.577). Further, it is evident from the table that coefficient of

determination was significant (R Square=0.333, p<0.05). This implied that 33.3% of variation in performance of SMEs is as a result of containment management strategies.

The ANOVA was also carried to test the level of significance for the model, F=53.338 and p value less than 0.05 indicating the model is statistically significance in predicating how containment management strategies affect performance of SMEs. Given that p<0.05, the model is significant at 95% confidence level and that the variables in the equation are important

Containment management strategies had a coefficient of 0.577 and p<0.05. The analysis indicated that the relationship was significant at 5% level. The standardized coefficients indicate the corresponding change in the dependent variable when a change of one unit is affected in the independent variable. 1% in improvement of containment management strategies would result to 57.7% change in performance of SMEs.

The regression model is as follows;

$$Y=1.632+0.577C+0.082$$

where:

Y=Performance of SMES

C = Containment management strategies

#### 4.5.6 Preventive Management Strategies and Performance of SMEs in the Manufacturing Sector

The researcher carried out regression analysis to determine the extent to which Preventive management strategies affect performance of SMEs in the manufacturing sector. The results are shown in table 4.18

**Table 4.18 Regression Analysis for Preventive Management Strategies and Performance of SMES in the Manufacturing Sector**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.708 <sup>a</sup>	.502	.497	.717		
a. Predictors: (Constant), Preventive management strategies						
ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	55.478	1	55.478	107.788	.000 <sup>b</sup>



	Residual	55.072	107	.515		
	Total	110.550	108			
a. Dependent Variable: Performance of SMES						
b. Predictors: (Constant), Preventive management strategies						
<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.101	.294		3.750	.000
	Preventive management strategies	.755	.073	.708	10.382	.000
a. Dependent Variable: Performance of SMEs						

Table 4.18 demonstrated the relationship between preventative management strategies, the independent variable and performance of SMEs, which is the dependent variable. This shows notable coefficient of determination between preventative management strategies and performance of SMEs (R=0.708). Further, it is evident from the table that coefficient of determination was significant (R Square = 0.502, P < 0.05). This implied that 50.2% of variation of performance of SMEs is a result of preventative management strategies

The significance of the regression model was tested using ANOVA. F=107.788 and p=0.000 which is less than 0.05 indicating that the model is statistically significant in predicating the relationship between preventative management strategies and performance in small and medium enterprises. Given that p<0.05, the model is significant at 95% confidence level and that the variables in the equation are important.

Preventive management strategies had a coefficient of 0.708 and p<0.05 at 0.000. The results indicated that the relationship was significant at 5% confidence level. The standardized coefficients indicate the corresponding change in the dependent variable when a change of one unit is affected in the independent variable. Thus 1% improvement in preventative management strategies would result to 70.8% change in performance of SMEs.

The regression model is as follows;

$$Y=1.101+0.708C+0.073$$

Y=Performance of SMES

P = Preventive management strategies

#### 4.5.7 Regression Analysis for Crisis Management and Performance of SMEs in the Manufacturing Sector

The researcher carried out regression analysis to determine the impact of crisis management on performance SMEs in the manufacturing sector. The results are shown in table 4.19

**Table 4.19 Regression Analysis for Crisis Management and Performance of SMEs in the Manufacturing Sector**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.602 <sup>a</sup>	.362	.338	.752		
a. Predictors: (Constant), Confrontation management Strategies, Cooperation management strategies, Containment management strategies, Preventive management strategies						
ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	33.435	4	8.359	14.765	.000 <sup>b</sup>
	Residual	58.877	104	.566		
	Total	92.312	108			
a. Dependent Variable: Performance of SMEs						
b. Predictors: (Constant), Confrontation management Strategies, Cooperation management strategies, Containment management strategies, Preventive management strategies						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	1.69	.408		4.14	.000
	Confrontation management Strategies	.096	.087	.111	1.10	.027
	Cooperation management strategies	.327	.082	.409	3.98	.000
	Containment management strategies	.188	.094	.208	2.00	.048
	Preventive management strategies	.063	.101	.056	.623	.003
a. Dependent Variable: Performance of SMEs						

Table 4.19 demonstrates a direct relationship between the dependent and independent components used in the study. This shows a strong coefficient of determination between crisis management strategies and performance SMES ( $R=0.602$ ). Further, it is evident from the table that coefficient of determination was strong and significant ( $R\text{ Square} = 0.362, P < 0.05$ ). This implied that 36.2% of variation in performance SMES is as a result of confrontation management strategies, cooperation management, containment management strategies and preventive management strategies.

ANOVA was used to test the significance of the regression model. Table 4.18 presents the results of the test where,  $F=14.764$  and  $p=0.000$ . From the study significance value is 0.000 which is less than 0.05 thus the model is statistically significance in predicting how crisis management strategies affects performance in small and medium enterprises. Given that  $p<0.05$ , the model is significant at 95% confidence level that all the variables are important. This means that the regression model can effectively be used to predict the performance SMES using crisis management strategies variables in the study (confrontation management strategies, cooperation management, containment management strategies and preventive management strategies)

The results in table 4.19 shows the regression weights of the four independent variables were significant. The researcher regression used unstandardized coefficients because they are intuitive to interpret and understand, and also, they are preferable for use in calculations and analysis (Siegel, 2016). confrontation management strategies had a coefficient of 0.096 and  $p<0.05$ , cooperation management strategies had a coefficient of 0.327 and  $p<0.05$ , containment management strategies had a coefficient of 0.188 and  $p<0.05$  while preventive management strategies had a coefficient of 0.063 with  $p<0.05$ . This meant that the relationship was not significant at the 5% level

The standardized coefficients indicate the corresponding change in the dependent variable when a change of one unit is affected by independent variable. 1% improvement in confrontation management strategies would result to 9.6% percent increase in performance of SMES. 1% improvement in cooperation management strategies would result to 32.7 change in performance of SMES, 1% improvement in containment management strategies would result to 18.8% change

in performance SMES while 1% improvement in preventive management strategies would result in 6.3% change in performance in small and medium enterprises.

The regression equation is shown below;

$$Y = 1.69 + 0.096 X_1 + 0.327 X_2 + 0.188 X_3 + 0.063 X_4$$

Y=Performance of SMES

### **Independent Variables**

X1= Confrontation management strategies

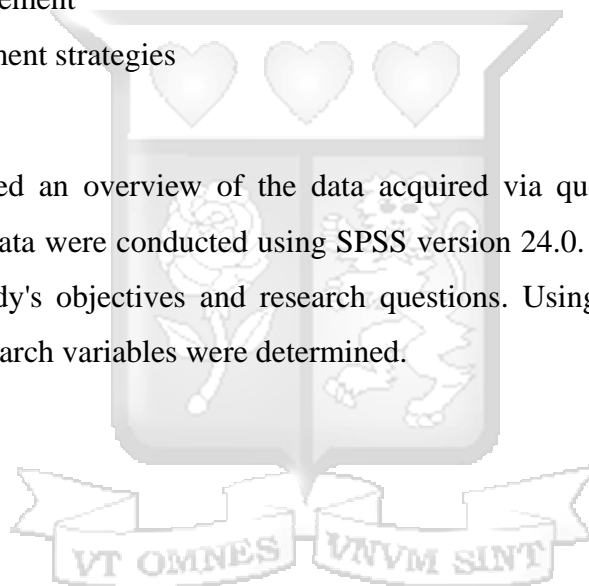
X2= Cooperation management strategies

X3= Containment management

X4= Preventive management strategies

### **4.6 Chapter Summary**

This chapter has provided an overview of the data acquired via questionnaires. Analyses of questionnaire-collected data were conducted using SPSS version 24.0. The findings are given in accordance with the study's objectives and research questions. Using regression analysis, the correlations between research variables were determined.



## CHAPTER FIVE

### DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

The previous chapter presented results obtained from the quantitative data. This chapter presents the summary of key findings, conclusions, study implications, suggestions for further study recommendations of the study and limitation of the study.

#### 5.2 Discussion of Findings

The aim of this study was to determine the effect of crisis mitigation strategies on organizational performance of small and medium enterprises in manufacturing sector.

The finding of the study was as follows.

##### 5.2.1 Effect of Confrontation Management Strategies on Organizational Performance

The purpose of the study was to examine the relationship between conflict management strategies and SME performance. As shown by the regression equation analysis, there is a strong positive relationship between confrontation management strategies and SME performance. The study indicated that though management had adopted adequate measures to manage crisis management, which included, forming crisis management team and designing communication channel they had not been fully implemented. The study agrees with Mazzei (2012) that there is a requirement for effective crisis communication with affected parties and unity within crisis response teams.

The findings of this study are in line with those of Brown, Feldmann-Jensen, and Johnston (2017), who found that working together with stakeholders from the outside helped reduce the negative effects of a crisis. The research concurs with Avraham's (2015) findings, which investigated the ways in which Sub-Saharan African nations utilized media tactics to rebuild destination image both during and after times of crises. According to the findings of the study, marketers collaborated with the media in order to improve destination pictures. During a time of crisis, the most important thing to do is make sure that all communication platforms, including social media accounts, are being carefully managed. Responding to the reply in a thoughtful manner and recognizing your part in the situation are also essential.

According to the findings of a study carried out by Kirelp, Dincyüreka, and Beidoglu (2009), the method of reaching a compromise was the most frequently used strategy by university students

when communicating with their friends, parents, and mothers. The statement contradicts the findings of the study.

### **5.2.2 Effect of Cooperation Management Strategies on Organizational Performance**

The research investigated the connection between cooperation management practices and SME success. The investigation found a significant positive link between cooperation management techniques and the performance of small and medium-sized enterprises. The majority of respondents claimed that they consulted with stakeholders before making strategic decisions that enhanced the performance of small and medium-sized enterprises. The respondent also mentioned that cooperation with media agencies was essential since it aided in crisis management resolution. The statement agrees with Becken & Hughey (2013), who assert that media agencies guarantee that accurate information is communicated to the public in order to restore public trust in the institutions.

The findings of this study are consistent with those of Shehawy and Ragab (2017), who studied the crisis management activities of Egyptian travel agencies. According to the results of their investigation, external cooperation with other industry participants and the government aided in mitigating the negative effects and accelerating the return to normalcy.

### **5.2.3 Effect of Containment Management Strategies on Organizational Performance**

According to the findings of the study, there is a considerable positive correlation between confinement management strategies and SME performance. The respondents claimed that the management of small and medium-sized businesses had taken necessary precautions to protect the firm's image, while others asserted that, in the event of crisis management, the company had given employees with an alternate work environment. In agreement with this statement was Karam (2018) who indicated that strategic communication of the crisis to affected stakeholders via a carefully selected class of employees prevents rumors, provides first aid to the injured, evacuates guests to safer locations, and provides isolation and quarantine rooms during a disease outbreak to limit the spread of the disease.

The study is inconsistent with a study conducted by Aigbogun et al., (2014) who indicated that there was a negative relationship between escape and strategic planning and positive between containment, cooperation and confrontation and strategic planning. Based on the findings of the

research, strategic planning plays an important role in enabling firms in the pharma sector to thrive and survive during a crisis. Managers that embrace strategic planning manage crisis through confrontation, containment and cooperation rather than escaping. Therefore, the pharma sector ought to manage crisis through strategic approach by integrating the strategy process with crisis management planning. As such, they ought to focus on making the management of crisis an integral as well as an integrated part of strategic planning.

According to Cahyanto and Pennington-Gray (2017), there is a positive association between containment measures and business continuity. This study lends confirmation to the findings of those researchers. The management of a crisis needs a variety of resources, including economic resources, social and political capital, human capital, physical resources, visitor resources, and visitor resources. According to the findings of the study, businesses that have an ideal distribution of these resources have a greater chance of containing crisis situations and, as a consequence, have a greater chance of maintaining operations after a crisis has taken place.

#### **5.2.4 Effect of Preventive Management Strategies on Organizational Performance**

The study aimed to analyse the effect of preventive management Strategies on Performance of SMES. The respondent indicated that small and medium enterprises had implemented policies on how to detect crisis in advance. The respondent also indicated that it was necessary for employees to be trained on risk management skills which would assist them in prevention of crisis management. Mikulic et al., (2016), indicated that training and empowering the employees prevent and detect a crisis while Abatecola et al., (2014) also indicated that hiring a visionary board of directors and top management team with risk management skills is necessary in an organization.

The findings are in agreement with Slater's (2019) assertion that prevention strategies in crisis response help to identify the sequence of steps that need to be taken to assist in preventing damage and restoring business operations. Slater pointed out that these steps are necessary to help prevent damage and restore business operations. According to Mwangi (2017), it is essential to utilize prevention crisis management tactics in conjunction with the business continuity strategy in order to maximize the overall benefit to the firm. These strategies are helpful in mitigating the effects of business disruption events, as well as preventing them, planning for them, responding to them, managing them, and recovering from them.

The study also is in agreement with a study by Agrawal et al., (2014) who examine prevention of crisis in lean product development in firms in the pharma sector, focusing on methods of managing risks and high-performance teams. Risk and risk management are described based on the lean product development context. Basic notions are presented to define the axiomatic attributes of risk, failure modes, causal structure, and cause-and-effect networks, emanating from the definition of risk.

Alzatari (2019) and Ramzani (2019), who both carried out research on the topic of Crisis management strategy and its effects on organizational performance in Palestine, arrived at contradictory findings. Because it can take many different forms and appear to varying degrees, crisis is something that cannot be avoided in any organization. For the purpose of carrying out this survey, a total of one hundred and forty staff members were subjected to a random selection process. The inquiry was based on two assumptions, and partial correlation was used to analyze the data that was gathered. According to the findings, management impediments to crisis management strategy are related to poor organizational performance, and the findings also revealed that crisis management strategy has no effect on the performance of an organization.

### **5.3 Conclusion**

The study indicated that confrontation management strategies positively influence performance of small and medium enterprises. There is a strong coefficient of determination between confrontation management strategies and performance of small and medium enterprises. Gikuhi (2020), who conducted research on crisis management techniques and business continuity for star rated hotels in Kenya, found that the conclusions of this study are consistent with his findings. He made the point that the management of an organization will often resort to confrontational techniques in order to deal with a crisis scenario. These tactics involve analyzing the issue in order to get a better knowledge of the cause of it and gathering information that is complete and correct on the crisis.

The study contradicted with the findings of Parnell (2009), who examined the relationship between performance and confrontation management and found that SMEs in developing nations had less strategic orientation than SMEs in affluent nations. However, restricted capabilities in resourcefulness and technical systems cause SMEs' strategic approach to differ from those of larger firms, although their speed strength is greater.



The research found that cooperation management methods had a favorable effect on the performance of small and medium-sized businesses. There is a high correlation between cooperation management methods and the performance of small and medium-sized businesses. The study's findings align with those of Shehawy, Yasser, and Ragab (2017), who analyzed the crisis management actions adopted by Egyptian travel agencies. According to their research, external engagement with other industry participants and the government helped mitigate the negative effects and expedited the return to normalcy.

The study revealed that containment strategies positively influence performance of small and medium enterprises. There is a strong coefficient of determination between containments strategies and performance of small and medium enterprises. The study is in agreement with Sohn and Lariscy (2014) who investigated how organizational effectiveness affects the containment of crisis from the supervisory leadership perspective in Jordan Industrial firms. The study found that except for the maturity stage, all dimensions of organizational effectiveness such as goal achievement, adaptability, beneficiary satisfaction, have a direct impact on crisis management stages.

The findings indicated that crisis prevention strategies positively influence performance of small and medium enterprises. There is a strong coefficient of determination between prevention strategies crisis and performance of small and medium enterprises. The study is consistent with Mathenge (2011) examined the role of preventative methods utilized by Kenyan state enterprises to lessen the likelihood of a crisis occurring. The conclusion of the study is that preventative measures decrease the occurrence of disasters in state-owned enterprises.

## **5.4 Recommendations**

### **5.4.1 Policy Implication**

The results of this study will be of interest to researchers as well as academicians who want to examine and carry out future investigations. This is because both groups have a desire to learn more about the topic. The findings of the study can be utilized by both the Ministry of Trade and the KAM in order to improve the regulatory framework for crisis mitigation techniques in the manufacturing sector. This can be accomplished by giving financial support in the form of borrowing money from banking institutions at interest rates that are more advantageous.

The study would assist the students in the field to gather ideas and knowledge for crisis mitigation. The business students will benefit largely, especially if they have a purpose to start and operate a business of an SME scale. The steps and measures that are provided here are crucial for practice and execution, which can render the functions of a business by the practitioner to another level of exploits.

#### **5.4.2 Managerial Implications**

The beneficiary in this research may include managers of financial organizations that are looking into entering strategic alliances with partners who operate in unrelated businesses so as to overcome competitive challenges posed by crisis mitigation in Kenya. The owners of SMEs can also benefit from the study findings through adoption of the best strategies to deal with crisis mitigation.

#### **5.4.2 Contribution to Knowledge**

Reference to Situational Crisis Communication Theory, managers should tailor their strategy reactions to a crisis to the level of blame for the problem as well as the reputational risk created by the crisis. To determine which strategic approach to a crisis will be the most effective, it is necessary to first gain an awareness of the crisis scenario and the degree of the reputational danger caused by the crisis. Therefore, the management will be able to detect crisis mitigation in advance and communicate to the relevant parties.

#### **5.5 Study Limitations and Suggestions for Further Studies**

The research was restricted to small and medium-sized businesses in the manufacturing sector and therefore these findings may not represent the state of SMEs in other industries. The study should be conducted in hospitality industries and government parastatals.

The study was affected by the COVID-19 pandemic which limited the researcher from interacting with the respondents. The respondents were not keen in meeting the respondents face to face or even handling the questionnaires thereby delaying the feedback

The study was also limited to manufacturing sector in Nairobi County. The study may be carried to other manufacturing industries in other counties in Kenya. The study may also target small and medium enterprises in hospitality industries.

The study recommends that further study should be carried in other counties in Kenya since the study was done in manufacturing sector in Nairobi County.

The study recommends that managers and owners should be trained on a continuous basis on how to handle crisis management since they are the one who run the business on daily basis. Establishing a reliable monitoring system for crises is something that organizations should do. The organizations need to have well-defined protocols in place for dealing with crises when they inevitably arise. It is essential for businesses to make significant investments in the supply of training and equipment in order to be prepared to respond effectively to any crisis that may arise. The crisis prevention strategies should be reviewed on a regular basis by the companies to ensure that they are adaptable to the shifting crisis patterns.



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## APPENDICES

### APPENDIX I: INTRODUCTORY LETTER

Dear Respondent,

#### **RE: ACADEMIC RESEARCH PROJECT**

I am William Mwangi a student at Strathmore University, Nairobi. I am conducting a study on effect of crisis mitigation strategies on performance of small and medium enterprises in manufacturing sector in Nairobi County. The findings of this research will be used for academic purpose only. At no time shall the findings be attributed to any of the participant as an individual. Please provide your honest opinion.

Kindly take a few minutes and fill out the attached questionnaire. No personal information will be disclosed or made public, and your answers will be kept strictly confidential.

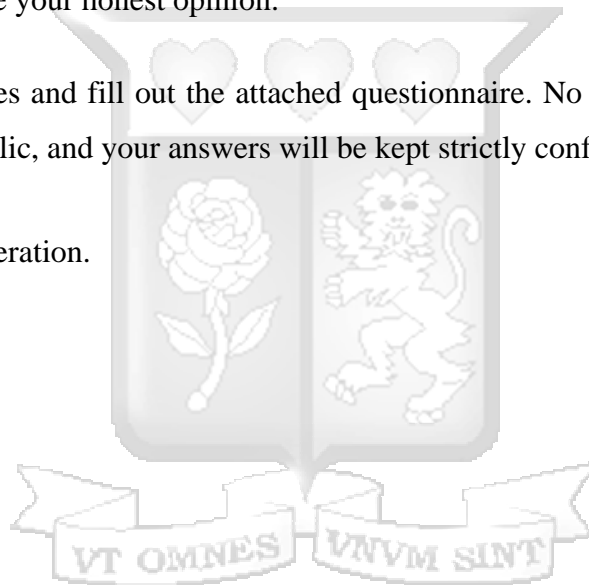
Thank you for your cooperation.

Yours faithfully,

William Mwangi

REG. NO. 114299

**RESEARCHER**



## APPENDIX II: ETHICAL APPROVAL



25<sup>th</sup> July 2022

Mr Mwangi, William  
wmwangi61@gmail.com

Dear Mr Mwangi,

**RE: Effect of Crisis Mitigation Strategies on Performance of Small and Medium Enterprises in Manufacturing Sector in Nairobi County**

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU- master's** research proposal. Your application reference number is **SU-ISERC1437/22**. The approval period is **25<sup>th</sup> July 2022 to 24<sup>th</sup> July 2023**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 48 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 48 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-ISERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

for: **Dr Ben Ngoye,**  
**Secretary; SU-ISERC**

**Cc: Prof Fred Were,**  
**Chairperson; SU-ISERC**





## APPENDIX IV: QUESTIONNAIRE

The survey aims to investigate the effect of crisis mitigation strategies on performance of small and medium enterprises in manufacturing sector in Nairobi County. The survey should take about 10 minutes to complete. The information provided will be treated with the utmost confidentiality and will only be used solely for the academic research. The findings will be reported generally and no personal details will appear in the document.

### Part A: Background Information

1. Please indicate your age?

Below 35 years of age	( )	46-55 years	( )
36-45 years	( )	Over 56 years	( )

2. Please indicate your gender?

Male	( )	Female	( )
------	-----	--------	-----

3. How long have you been in operation?

Below 5 years	( )	11-15 years	( )
6-10 years	( )	Over 16 years	( )

4. Which position do you hold in this firm?

Manager	( )	Operator	( )
Owner	( )	Supervisor	( )

Any other specify.....

5. Indicate the category of the manufacturing sector does your firm

Food and beverage	( )	Paper and board sector	( )
Automotive	( )	Metal and allied sector	( )
Leather products and footwear sector	( )	Energy, electrical and electronics	( )
Pharmaceutical and medical equipment sector	( )		

6. How do you operate your business?

Limited Company ( )

Partnership ( )

Sole proprietorship ( )

**PART B: effect of crisis mitigation strategies on performance of SMES in the manufacturing sector within Nairobi County.**

7. Please tick the level of agreement of the following statements, as shown in the table. Please indicate in the table with a tick (√) or across (×) with a scale of 5= strongly agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

<b>Confrontation management Strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The management provides a quick response to crisis which shows that the firm is in control of the situation					
To cope with crisis, management allocates necessary resources that fits to cope with the crisis					
Management forms capable crisis response teams with necessary skills and knowledge to cope with the crisis					
The management establish communication team that responds to any questions arising on the matter though media and social media					

8. Please tick the level of agreement of the following statements relating to effect of cooperation crisis management strategies on performance of SMES as shown in the table. Please indicate in the table with a tick (√) or across (×) with a scale of 5= strongly agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

<b>Cooperation management strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
During the crisis management consults the stakeholders in an attempt to find a solution to the crisis together					
Management conduct pre-crisis management strategies that help in identifying ways of minimizing vulnerability in the event of a disaster.					
The management cooperate with media in order to keeps everyone on the same page by preventing misinformation and the spread of rumours.					
Our firm use available social media platform to broadcast important safety information, correct misinformation and build situational awareness					

9. Please tick the level of agreement of the following statements relating to effect of containment crisis management strategies on performance of SMES as shown in the table. Please indicate in the table with a tick (√) or across (×) with a scale of 5= strongly agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

<b>Containment management strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Management ensure crisis situation has been resolved, stabilized or contained and that business has returned to normal operations					
During crisis employees are provide alternative work place in order to ensure they are safe					
Management provide response and information that is proactive complimented with solutions-driven messages in order to protect company image					

Our firm have constant communication with the stakeholders in order to address the myriad reactions may have to the crisis situation					
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10. Please tick the level of agreement of the following statements relating to effect of preventive crisis management strategies on performance of SMES as shown in the table. Please indicate in the table with a tick (√) or across (×) with a scale of 5= strongly agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

<b>Preventive management strategies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Our firm has a prevention policy provide positive range of organizational responses to the crisis in future					
We have put in place gadgets that is be able to gives signals on possible crisis that is about to happen and we take preventative measures					
Our company has developed a crisis management plan that considers potential problem areas and proposes a solution for each of them so that the organization can emerge from the crisis as quickly as possible					
The management ensures that there is a crisis risk management team in place with diverse skill on crisis management					

### **PART C: Organization Performance**

11. Please tick the level of agreement of the following statements on performance of SMES as shown in the table. Please indicate in the table with a tick (√) or across (×) with a scale of 5= strongly agree 4= Agree 3= Neutral 2= Disagree 1= Strongly Disagree

<b>Organization performance</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Financial Perspective</b>					
In our firm we have been realizing profit for the last 3 years which enhance our performance					
This organization utilizes financial resources well.					

The shareholders are satisfied with the financial management within our organization					
<b>Customer Perspective</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Our firm take customer complaints and suggestions that help in decision making thus enhancing organization performance					
The management involves subordinates in decision making					
Our clients are well aware of the work we do and we give regular updates					
<b>Internal business process</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Safety is taken serious in our firm to manage crisis and therefore enhances organization performance					
This organization provides quality services to its customers					
Certifications from this organization are trusted worldwide					
<b>Growth and learning</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Our firm most of the employees are encouraged to pursue further studies.					
Effective training and capacity-building programs empower personnel with the skills necessary to carry out their responsibilities.					
Our firm has developed programs for training and capacity building for their employees' growth and learning					

**Thank you for your Participation**



### APPENDIX V: SAMPLING FLAME

Categories of manufacturing SMES	N	Supervisor	Operators	Manager	Owners	S
Food and beverage	49	5	7	9	10	31
Paper and board sector	26	3	2	8	3	16
Automotive ‘	36	7	5	9	2	23
Metal and allied sector	34	5	2	10	4	21
Pharmaceutical sector	24	4	3	6	2	15
Leather products	32	5	1	11	3	20
Timber, wood and furniture sector	14	2	1	4	3	10
Energy, electrical and electronics	13	2	1	4	2	9
<b>Total</b>	<b>228</b>	<b>33</b>	<b>22</b>	<b>61</b>	<b>28</b>	<b>144</b>

