Strategic Direction and Crises Preparedness in Manufacturing Firms within the Kenya Association of Manufacturers in Kenya

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Abstract

The global and local business environment in the twenty first century has become complex and unstable for firms' strategic leadership, because of rapid development, continuous change, business disruptions, and man-made as well as natural calamities. The purpose of this study was to determine how strategic direction influences crises preparedness in manufacturing firms within the Kenya Association of Manufacturers (KAM) in Kenya. The research adopted the positivism approach as the research philosophy and utilized descriptive correlational research design. The study population consisted of 783 chief executive officers from the KAM where a sample of 292 was drawn using stratified random sampling technique. Data was collected through self-administered questionnaire whereas descriptive and inferential statistical techniques were used to perform data analysis. Descriptive statistics focused on relative frequency distribution, means and standard deviation. Inferential statistics included Chi-square test for test of association, Kruskal-Wallis H Test and ordinal logistic regression. The study results are presented in form of table and numerical measures with descriptions. The study established that strategic direction had a statistically significant and positive influence on crises preparedness of manufacturing firms ($\beta = 0.345$, $p < 0.05$). Additionally, chi-square findings showed that manufacturing businesses' crises preparedness and strategic direction were significantly associated ($\chi^2 = 40.705$, $p < 0.05$). A statistically significant difference in the mean rankings of crisis preparedness for the different levels of strategic direction of the firms was also found according to the findings of the Kruskal-Wallis H test ($H = 18.581$, $p < 0.05$). The study concluded that strategic direction was an essential antecedent of crises preparedness in manufacturing companies in Kenya. The study recommends to corporate leaders to continually investigate and evaluate potential key areas of crises informed by their evolving operating environment when developing their firms' purpose, intent, vision, mission and objectives.

Key Words: Crises Preparedness, Kenya Association of Manufacturers, Strategic Direction.

Introduction

The global and local business environment in the twenty first century has become complex and unstable for firms' strategic leadership, because of rapid development, continuous change, business disruptions, and man-made as well as natural calamities (Manyika & Tuin, 2020). Organizations are thus vulnerable to a wide range and levels of crises and turbulence that differ in their causes, severity, and impact, which may lead to their survival and continuity risk. These crises have devastating negative impact on organizations' financial performance, their continued existence, employees' morale, their competitiveness, and their corporate and brands reputation (Dent et al., 2018). Capturing 4,500 crises, in a

survey of 2084 senior executives in 25 countries globally, Price Waterhouse Coopers (PwC) Global Crisis Survey (2019), reports that 95% of the respondents surveyed (including those who did not report a crisis), expected to be hit by one in the future. The PwC (2019) survey concluded that crises will get more complex and that firms should seize crises preparedness as an opportunity to sharpen their competitive advantage (as investors of the future may start looking to a crises preparedness index as a key performance indicator). Firestone (2020) states that crises leadership has become an important part of leading in today's world, as every organization goes through some form of crisis at one point or another.

Firms with a strategic crises' response plan mobilize more swiftly, stabilize their business operations, and effectively respond to the shockwaves of crises disruption (Price Waterhouse Coopers, 2021). Iordanoglou (2018) identified a gap between required and observed leadership skills in the workplace in both Europe and the US which according to the researcher implies the need for a paradigm shift in leadership development to prepare future leaders' ability to navigate a complex and an uncertain world. Strategic direction in terms of the firm's purpose, intent, vision, mission and objectives is, according to Hitt, Ireland and Hoskinson (2016), a picture of what the firm wants to be and, in broad terms, what it desires to ultimately achieve, giving shape to its intended future; the mission specifying the businesses in which the firm intends to compete and the customers it intends to serve, with the firms goals defining the firm's business objectives in terms of who, what and how. The firm's purpose focuses the organization to navigate volatile and unpredictable ecosystems (including potential crises) solidifying its ability to deliver higher and more sustainable performance and its continuity into the future. Defining a firm's reason to exist and making sure it guides decisions and its operations have become a cornerstone of doing business and addressing crises (Leavy, 2021).

This study was conducted in manufacturing industry amongst manufacturing firms allied to the Kenya Association of Manufacturers (KAM). According to the Kenya's Economic Survey (Kenya National Bureau of Statistics, 2021) the manufacturing sector real value added contracted by 0.1% in 2020 compared to a growth of 2.5% in 2019, a decline associated with the Covid-19 pandemic crisis lockdowns. According to a KPMG-KAM (2021) survey, output of the Association manufacturing members contracted by 3.9% and 3.2% in quarter two and quarter three 2020, respectively. Moreover, 74% Association member manufacturers experienced reduced sales turnover in 2020, occasioned by depressed demand, during the height of the Covid-19 pandemic crisis; 55% of members operated at below capacity; 66% of the manufacturing firms re-negotiated payment terms with their key suppliers; 27% of the KAM associated firms adjusted their staff salaries downwards, with 45% of them experiencing major raw material supply logistical and cost increase challenges. All these indicate that the manufacturing firms allied to KAM in Kenya were not adequately prepared for a crisis of the magnitude of Covid-19 pandemic.

Statement of the Problem

Providing strategic direction for the firm plays a particularly central role in enabling the firm to be more prepared to crises (Shaedler et al., 2021). However, the role of providing strategic direction in crisis situations is characterized by a high degree of fragmentation, considerably hindering the generation of parsimonious theory and useful insights and hence a knowledge and practice gap. In its findings, the PwC (2019) Global Crises Survey established that seven in ten (69%) leaders have experienced at least one corporate crisis in a span of five years; with the average number of crises experienced being three. PwC Global Crises Survey (2021) points out that 95% of business leaders reported that their crises management capabilities

needed improvement while 73% of respondents indicated that their businesses were negatively impacted by the Covid-19 pandemic. In the PwC 2023 Global Crises and Resilience Survey latest instalment, 96% of organizations surveyed had experienced disruptions in the past two years while 76% said that the most serious disruption had a medium to high impact on their business operations. Further, according to the survey, business leaders need to anticipate and respond to disruption proactively- not only to survive, but to thrive. The survey sadly adds that that too many organisations still lack the foundational muscle and basic elements of resilience required to successfully prepare and manage in this era of continued disruption. Moreover, the Covid-19 pandemic had an unprecedented globally shared phenomenon with wide-ranging social, economic, and humanitarian repercussions. The crisis disrupted lives across the globe, and negatively affected the world economic growth in 2020 beyond anything experienced in nearly a century. World real Gross Domestic Product (GDP) contracted by 4% in 2020 compared to a growth of 3% in 2019. Kenya's real GDP contracted by 0.3 % in 2020 compared to a growth of 5% in 2019 (Kenya National Bureau of Statistics, 2021).

A key marker of a lack of crises preparedness in Kenya's manufacturing sector is emphasised by the impact of the Covid-19 pandemic that drove three quarters of KAM membership to reduced sales turnover in 2020, with 60% of them having to re-arrange their financial obligations in the same year, to remain solvent (KAM-KPMG, 2021). KAM membership constitutes 65% of manufacturing industries in Kenya. KAM's core mandate is to drive facts-based policy advocacy towards the formation of industrial policies to strengthen and support Kenya's economic development. The Association partners with the Kenya government and its associated agencies to ensure a dynamic and flourishing manufacturing sector aimed at delivering double-digit contribution to the country's GDP. This study examined the extent of crises preparedness by KAM manufacturing firms, relative to the ambitious double-digit contribution (from 7.2% to 20%) to Kenya's GDP mandate the Association has assigned to its members.

Study Hypothesis

The study tested the following null hypothesis:

H_0: Strategic direction has no significant statistical influence on crises preparedness in manufacturing value-add firms within the Kenya Association of Manufacturers in Kenya.

Literature Review

Theoretical Review

The strategic leadership theory by Ireland and Hitt (2005) was used to underpin this study. The theory hypothesizes that 'companies are reflections of their top managers, and that the specific knowledge, experience, values, and preferences of top managers are reflected not only in their decisions, but in their assessments of the decisions they make. The best strategic leaders, according to Dewar et al. (2022), set the direction of their companies by embracing uncertainty, with the view that fortune favours the bold. This leadership approach is less of 'a taker' of their fate and more 'a shaper', constantly looking for and acting on opportunities that bend the curve of history. Determining strategic direction is about visioning and this needs to be framed in the context of the operating environment (Hitt et al., 2016). It is the process of visioning that provides organization with inspiration to develop stretch goals. Fisch and Solomon (2021) claim that corporate purpose/intent is 'a means that allows corporate participants to signal, monitor, and manage their expectancy interests'. A company that knows its reason for being, and consistently backs it up, is both tougher and more flexible during a crisis (Poleman & Winston, 2021). Kraaijenbrink (2021) contends that what

most firms are in need of when they attempt to formulate their purpose, mission and vision is to seek more focus, coherence and direction, so that they can align their resources accordingly. The strategic leadership theory by Ireland and Hitt (2005) anchors the study on how strategic direction sub-constructs of purpose/vision, mission and objectives can shape influence crises preparedness within a firm.

Empirical Review

Strategic direction helps an organization define its broader goals and sets ways of achieving them, thus providing its overall guidance and pathway on how to get there. The alignment of an organisation's strategic direction is reflective of a principled and reflective organization (Keefe, 2020). In these very turbulent and crises filled times, Aguirre et al. (2019) argue that organizations need strategic direction, to enable them to make tough choices about how they will compete and what will get them to win and stay relevant into the future. Strategic direction involves mobilizing the firm's strategic leadership, management and employees to have collective aspirations for the organization, and a determination to reach its goals through agreed strategy and ways of working. A study by Khazanchi and Owens (2018) found that a vision shared develops and gets clearer as the firm's leadership shares its dreams and aspirations for the future, sometimes leading to a complete reorganization or renewal. Khazanchi and Owens (2018) further add that successful implementation of strategic intent and purpose requires a review of available resources and exploiting them to full advantage in performance, growth and a sustained future. Another study by Tully et al. (2018) established that strategic foresight is thinking systematically towards sensing and shaping the future as it builds resilience to mitigate unforeseen crises. Visioning helps in navigating uncertainty and crafting sustainable solutions for the enterprise.

Alshameri and Green (2020) opine that mission and vision statements are critical to a company's success both from a company's long-term goals, performance and its survival. This is after they analyzed a collection of 772 mission and vision statements from companies via natural language processing. The data was hand annotated into 15 industry types. They show the distinctiveness and 'connectiveness' of each industry via text processing and machine learning techniques. According to the research, the extracted features of each industry are a telling and a guiding indicator of what each industry embraces. They show high predictive power via machine learning to determine an industry's crises preparedness by looking only at the mission and vision statements. Additionally, a study by Siebert et al. (2022) established that specific objectives must be identified in times of crisis such as the Covid-19 pandemic. On the macro level, decisions made on the micro and meso level are complemented (and often complicated) by political decisions of policy makers that affect the economy and the business environment of companies and their value chains (Gosavi & Marley, 2020). In times of unforeseen crises, the set of the firm's objectives is even more likely to be incomplete. Hence, decision makers should apply value-focused thinking to maintain or ideally strengthen their firm's position during the crisis (Siebert et al., 2022).

According to Vrchota et al. (2021), sustainability has recently become a phenomenon in the Czech manufacturing enterprises as small and medium-sized enterprises (SMEs) are increasingly emphasizing the principles of sustainability in their corporate governance. They implement these changes through project management. The aim of the paper was to determine and analyze the critical success factors in crises preparedness, which were emphasized by the managers of the Czech SME enterprises to establish their relation to Industry 4.0. As strategic direction drives small and medium organizations in the Czech Republic, there is a need according to the researchers, to create a more sustainable way to

apply sustainability objectives to ensure organizational continuity into the future. With the objective of highlighting some of the drivers underlying organizational crises preparedness in the context of the Covid-19 pandemic crisis, El Idrissi et al. (2022) tested a theoretically derived model using partial least squire's structural equation modelling on a survey on Moroccan firms. The results of the study show that organizational dynamic capabilities are significantly related to customer, operational and partnering agilities and that only customer and operational agility affect organizational crisis preparedness.

Purpose and vision provide guidance and discovery to the organization, conveying future opportunities and potential areas of crises. In a cross-sectional study to examine gender-based disparities on health indices during COVID-19 in Jordan, Abufaraj et al. (2021) establishes that women were more burdened mentally and financially than their male counterparts. 8.34% of the respondents did not get a salary during the COVID-19 turmoil, which was significantly higher in women at 13.9% as compared with men at 6.90% (p=0.01). The researchers recommend that Jordanian policy makers in their forward thinking and in the re-development of the Jordanian ministry of health re-purpose the ministry's vision, to ensure that women in Jordan are prioritized on mental health, antenatal and reproductive services as part of crises preparedness. In Thailand, Nakapreecha et al. (2021) identifies changes anticipated to have an impact on Thailand's energy system in the next 30 years and explores plausible scenarios for Thailand's energy sector under these changes. Policy and technology are highlighted to be two of the most powerful factors likely to affect the energy business and are, therefore, used by the article authors as fundamental frameworks for scenario crises preparedness development.

Rivera, Ceesay and Sillah (2020) through a multi-modal cross-sectional survey employed an online survey and semi-structured interviews with The Gambia's disaster management leadership to propose actions steps towards a successful implementation of the country's new developmental goals and vision. The study finds that the current structure of the national disaster management agency needs enhancement to promote more efficient and effective management practices. With new developmental goals and vision, the study goes further to propose a new organization structure to reduce political and administrative inefficiencies in the disaster management leadership of the country. Further, enterprise strategy is critical to superior performance and not simply an aspect that explains instances when an organization unexpectedly survives or thrives. It provides direction, purpose and plans to a firm. These observations were made by Kinyuira (2020) through an exploratory cross-sectional study targeting all the deposit taking co-operatives organisations in Kenya. Descriptive, correlation and regression analysis were used by the researcher to examine the relationship between strategic purpose, strategic resources, Saccos governance, Sacco management and Sacco regulations. Data analysis results and perceptions of the respondents indicated that the enterprise strategy positively influences sustained performance of Saccos, while Sacco regulations enhance the relationships and capacity of Saccos to be crises ready.

Conceptual Framework

Figure 1 presents the conceptual framework that served as the guiding principle for the study. The framework hypothesizes that designing of the firm's strategic direction plays a key role in directing its processes in terms of its purpose/intent, what business it is in, and the implementation of its strategy. Thus, it serves to communicate the firm's mission and vision, the development of strategic objectives, the formulation of the firm's strategic plan and ultimately its annual business plan (Ireland et al., 2016). The strategic direction of the firm specifies the image and character the firm wants to develop over time (Hitt et al., 2016). The

organizational strategic direction has been variously defined using terms that include vision, mission, and strategic intent which are three of the most widely used tools to determine the strategic direction of an organization. Whereas the mission statement expresses an answer to the question- what business the firm is in, a firm's vision statement is sometimes developed to express aspirations of the enterprise's leadership by presenting the firm's strategic purpose/intent that focuses the energies and resources of the firm on achieving desirable goals and objectives (David, 2020). Crises preparedness is the dependent variable on the study which is about the survival and future of the firm. This is measured through crises preparedness documentation, crisis training and establishment of crises management teams.

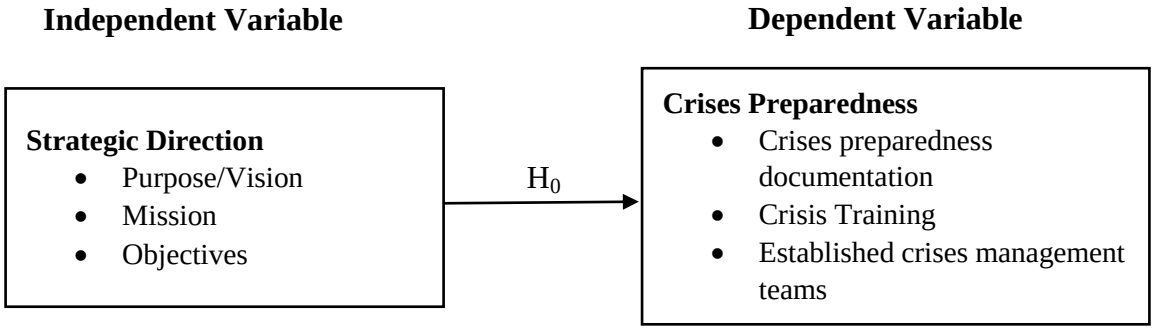

Figure 1: Conceptual Framework

Methodology

This study examined how strategic direction influences crises preparedness and was therefore aligned to the positivism research philosophy approach on how specific causes explain outcomes. This study used descriptive design in which it attempted to understand how the constructs of strategic direction variable produce changes on the constructs of crises preparedness variable and essentially try to explain the causal relationships amongst these variables (Booth et al., 2018). The population for this study comprised 783 manufacturing firm leaders within the KAM that were broken down into 13 sub-sectors (KAM, 2021). This study employed the stratified random sampling method to select 292 CEOs from each of the 13 sub sectors proportionately. This study employed a self-administered questionnaire method for data collection.

The reliability and validity of the research instrument was confirmed through a pilot study that was undertaken with 29 respondents. A structured self-administered electronic questionnaire via survey monkey tool was preferred for the reasons enumerated by Cooper et al. (2018) of efficiency, and capacity to cover a big population. The data gathered was analysed using descriptive as well as inferential analysis techniques. Descriptive analysis entailed calculation of means and standard deviations to show the extent of providing strategic direction and crises preparedness in the manufacturing companies affiliated with the Kenya Association of Manufacturers. Inferential statistics included the Chi-square test of association, the Kruskal-Wallis H test for differences and ordinal logistic regression which was used to test the study hypotheses.

Results

The study administered questionnaires to 292 CEOs from manufacturing companies who were members of the KAM and 269 responded providing a response rate of 90.4%. Males made up the most of the study's participants with 59.2%, 29.9% of the respondents were

women and 10.6% of respondents did not indicate their genders. Regarding age, 37.5% of the respondents were between the ages of 40 and 49 years while only 0.8% were 70 years or older. Those below 30 years were 3.4%. Besides, 59.8% of the study respondents had a bachelor's degree, 2.7% had post-secondary certification, while 0.4% did not indicate their qualifications. Those with doctorate or PhD degrees were 4.5%, respondents with masters' degree were 16.7% while those with diplomas were 15.9%. The findings also showed that 38.6% of the study participants had worked for the manufacturing firms for a period between 4 and 7 years while only 1.5% had served for less than one year. Those who had served in the companies for more than 20 years were 15.9%. Further findings indicated that 44.7% of the companies had 51 – 100 employees while 6.8% had between 201 and 300 employees. Those that had over 300 full time employees were 14%. All the 13 subsectors were represented in the study with 25.4% of the respondents indicating that their companies were in the food and beverage sector while 1.1% were from the fresh produce sector.

Descriptive Analysis for Strategic Direction

The study sought to measure strategic direction in the manufacturing companies by providing various statements that respondents were required to consider. Respondents were requested to indicate the extent of their agreement to the provided statements on a scale of 1 to 5, where 1 is strongly disagree, 2 was disagree, 3 was undecided, 4 was agree and 5 was strongly agree. The responses were analyzed using means (M) and standard deviations (SD) with mean value of 1.00 -1.80 representing strongly disagree, 1.81 - 2.60 representing disagree, 2.61 - 3.40 representing undecided, 3.41 - 4.20 representing agree and 4.21 - 5.00 representing strongly agree. The findings are as summarized in Table 1.

Table 1: Descriptive Statistics for Strategic Direction

Statements on Strategic Direction	M	SD
The Purpose/Vision of my company are clearly defined	4.30	.774
My company specifies the importance of having a strong sense of purpose to all its employees	4.17	.750
The Mission of my company is clearly defined	4.31	.695
My company explains its main purpose in its mission statement, in addition to defining its long-term business goals.	4.22	.686
The objectives of my company are clearly defined and understood by all employees	3.95	.946
My company clearly describes to its employees its tasks, goals and objectives as well the methods of how it intends to achieve them.	4.14	.936
My company sets specific objectives that are accurate, measurable, and achievable with the participation of its employees.	4.29	.809
My company has identified its potential key areas of crises informed by its evolving operating environment	4.23	.769
My company continuously up-dates its potential key areas of crises with relevant information arising from its evolving operating environment	4.25	.874

The research results provided in Table 1 indicate that the study participants either strongly agreed or agreed to the statements on strategic direction since all had mean scores above 3.41. The findings show that respondents strongly agreed that the mission of their companies were clearly defined (M = 4.31, SD = 0.695) and also strongly agreed that the purpose/vision of their companies were clearly defined (M = 4.30, SD 0.774). Further, respondents also

agreed that their companies set specific objectives that are accurate, measurable, and achievable with the participation of its employees (M = 4.29, SD = 0.809) and that their companies continuously up-date their potential key areas of crises with relevant information arising from their evolving operating environment (M = 4.25, SD = 0.874). Besides, respondents strongly agreed to other statements that had mean scores of between 4.21 and 5.00.

The study results provided in Table 1 show that respondents agreed that their companies specify the importance of having a strong sense of purpose to all their employees (M = 4.17, SD = 0.750). Moreover, respondents agreed that their firms clearly describe to their employees their tasks, goals and objectives as well the methods of how they intend to achieve them (M = 4.14, SD = 0.936). Respondents further agreed that the objectives of their companies are clearly defined and understood by all employees (M = 3.95, SD = 0.946). The standard deviations of all the statements were below 1 which is an indication that the various responses converged around the means. The findings show firms that had a high degree of strategic direction.

Descriptive Analysis for Crises Preparedness

Crises preparedness served as the dependent variable in this study, and it was evaluated using 22 statements to provide a thorough analysis of crises preparedness in the manufacturing firms. Respondents were asked to rate the degree to which their manufacturing firms had engaged in crises preparedness on a scale of 1 to 5, where 1 was to a very small extent, 2 to a little extent, 3 to a moderate extent, 4 to a great extent and 5 to a very great extent. The responses were analyzed by the researcher using means and standard deviations with mean value of 1.00 -1.80 representing a very small extent, 1.81 -2.60 representing little extent, 2.61- 3.40 representing moderate extent, 3.41 - 4.20 representing great extent and 4.21 - 5.00 representing very great extent. The results are captured in Table 2.

Table 2: Descriptive Statistics for Crises Preparedness

Statements on crises preparedness	Mean	Std. Deviation
My company has experienced a major crisis in the recent past	3.72	1.064
My company has clearly defined what a crisis is	3.86	.988
My company is unaware of potential risks and crises inherent to its business	3.17	1.394
My company proactively identifies and lists the kind & types of crises it is vulnerable to.	3.86	.937
My company recognizes the importance of crises preparedness and its survival into the future	4.05	.823
My company heeds to key crises warnings, by actively gathering all the necessary and relevant information on time, every time	3.92	.738
My company regularly/constantly scans its operating environment for potential crises that would impact it	3.99	.845
Crises preparedness is incorporated in my company's strategic thinking and plans	3.72	.973
My company relies on strong and tested crises preparedness plans to protect the business in a real crisis	3.83	.847
My company has documented its crises preparedness plans	3.62	1.050
My company crises preparedness executive plans cover all probable risks of crises	3.81	.851

Statements on crises preparedness	Mean	Std. Deviation
Crises risk reduction is one of my company's main priorities in its crises preparedness plans	3.98	.770
My company does not have a timing schedule when crises preparedness matters are discussed.	2.88	1.249
My company sees value in crises preparedness training	4.00	.765
My company has a developed crises preparedness training content, schedule and program	3.69	.935
My company does not conduct crises preparedness training regularly	3.17	1.195
My company has an established crises management response team/s	3.80	.943
My company regularly carries out crises preparedness simulations	3.70	.929
There is clear specification of roles and responsibilities amongst the crises management response team/s in my company	3.82	.988
Our Crises Management Team meets regularly to update itself with the latest within and without the firm in line with my company's crises preparedness plans	3.63	1.049
My company recognizes obstacles to crises preparedness when these occur	3.74	.952
My company does not make crises preparedness a priority: Competing priorities are allowed to subvert efforts to crises prepare	2.92	1.223

The study findings in Table 2 show that the study participants indicated that to a great extent, the manufacturing companies recognized the importance of crises preparedness and their survival into the future (M = 4.05, SD = 0.823). Besides, respondents indicated that to a great extent, the manufacturing firms see value in crises preparedness training (M = 4.00, SD = 0.765). Most of the other statements regarding crises preparedness had means between 3.41 and 4.20 indicating that they applied to a great extent to the manufacturing firms that were studied. However, there were statements with means between 2.61 and 3.40 indicating that these statements applied to a moderate extent to the manufacturing firms. For example, respondents indicated that to a moderate extent, the manufacturing companies do not have a timing schedule when crises preparedness matters are discussed (M = 2.88, SD = 1.249) and that to a moderate extent, the firms do not make crises preparedness a priority: Competing priorities are allowed to subvert efforts to crises prepare (M = 2.92, SD = 1.223). Besides, the respondents indicated that to a moderate extent, the firms do not conduct crises preparedness training regularly (M = 3.17, SD = 1.195) and to a moderate extent, the firms were unaware of potential risks and crises inherent to their businesses (M = 3.17, SD = 1.394).

Test of Difference in Crises Preparedness Based on Strategic Direction

The study investigated whether there were any differences in the levels of crises preparedness based on the manufacturing firms' strategic direction. To test this, the study applied the Kruskal-Wallis H test. The results are provided in Table 3.

Table 3: Test of Difference in Crises Preparedness Based on Strategic Direction

Ranks

Dependent Variable	Strategic Direction (median)	N	Mean Rank
Crises Preparedness	2	18	53.50
	3	53	131.61
	4	112	137.86
	5	81	139.67
	Total	264	

Test Statistics

	Crises Preparedness
Kruskal-Wallis H	18.581
Df	4
Asymp. Sig.	.001

a. Kruskal Wallis Test
b. Grouping Variable: Strategic Direction

The findings in Table 3 indicate that the mean rank of crises preparedness for the firms with a strategic direction median of 2 was 53.50, whereas the mean rank of crises preparedness for the firms with a strategic direction median of 5 was 139.67. A Kruskal-Wallis H test revealed a statistically significant difference in the mean ranks of crises preparedness for the various levels of strategic direction of the firms ($H = 18.581$, $p < 0.05$). The implication of these findings is that the manufacturing firms within the KAM had different levels of crises preparedness depending on their strategic direction.

Test of Association Between Strategic Direction and Crises Preparedness

The study applied chi-square tests to assess the association between strategic direction and crises preparedness. Median was applied as the measure of central tendency to derive the single statistic from the different measures of strategic direction and crises preparedness. The findings of the cross tabulation, chi-square tests, and symmetric measures for the association between strategic direction and crises preparedness are provided in Table 4.

Table 4: Association Between Strategic Direction and Crises Preparedness

			Crises Preparedness				Total
			2	3	4	5	
Strategic Direction	2	Count	5	5	8	0	18
		Expected Count	.7	3.3	8.3	5.7	18.0
	3	Count	0	8	30	15	53
		Expected Count	2.0	9.8	24.3	16.9	53.0
	4	Count	4	20	47	41	112
		Expected Count	4.2	20.8	51.3	35.6	112.0
	5	Count	1	16	36	28	81
		Expected Count	3.1	15.0	37.1	25.8	81.0
Total		Count	10	49	121	84	264
		Expected Count	10.0	49.0	121.0	84.0	264.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)

Pearson Chi-Square	40.705	9	.000
Likelihood Ratio	32.674	9	.000
Linear-by-Linear Association	8.310	1	.004

Symmetric Measures

		Value	Approximate Significance
Nominal by Nominal	Phi	.593	.000
	Cramer's V	.427	.000

The study results of the cross tabulation in Table 4 show the distribution of the observed values in relation to expected values. The chi square statistics (χ^2 = 40.705, p < 0.05) indicates that there is a significant association between strategic direction and crises preparedness of manufacturing firms. The Cramer's V statistics (CV = 0.427, p < 0.05) show that there was a significant moderate association between strategic direction and crises preparedness of manufacturing firms.

Ordinal Logistic Regression Analysis

An ordinal logistic regression model was used to examine the influence of strategic direction on crises preparedness in manufacturing firms within the KAM in Kenya. The dependent variable (crises preparedness) was assessed on an ordinal scale of 1 to 5, hence this model was suitable for the research. The researcher performed preliminary tests to assess if the ordinal logistic regression's four assumptions were satisfied before fitting the model. The four assumptions were that there is an ordinal dependent variable, one or more ordinal, continuous, or categorical independent variables, the assumption of proportionate odds, and no multicollinearity. All these assumptions were met. Using the ordered logistic regression model, the study fitted a proportional odds model to assess the influence of strategic direction on crises preparedness of manufacturing firms who are members of KAM in Kenya. The R-squared findings are shown in Table 5.

Table 5: R-Squared for the Model of Strategic Direction on Crises Preparedness

Cox and Snell	.411
Nagelkerke	.458
McFadden	.207

Link function: Logit.

According to the results shown in Table 5, the Nagelkerke R-squared was 0.458, indicating that changes in strategic direction in manufacturing firms accounted for 45.8% of the variation in crises preparedness of the manufacturing firms. This suggests that other variables outside the scope of the model accounted for 54.2% of the variation in crises preparedness of the manufacturing firms.

The -2-log likelihood ratio chi-square test was also used to assess the model's fitness. The model fitting information includes the -2-log likelihood ratio for the intercept only model and the model that includes the independent variable (strategic direction), and the chi square test to test the fitness of the ordinal logistic model relative to the intercept only model. The findings are summarized in Table 6.

Table 6: Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	70.550			

Final	63.665	6.885	1	.009

Link function: Logit.

The study results summarized in Table 6 indicate that there is significant improvement of the final model relative to the intercept only model (χ^2 = 6.885, p < 0.05). The study also conducted the goodness of fit test using the Pearson and deviance chi-square tests. This is a test to assess whether the model fitted the data well. The null hypothesis of the two tests is that the model is a good fit to the data. The outcomes are provided in Table 7.

Table 7: Goodness-of-Fit Test

	Chi-Square	Df	Sig.
Pearson	8.925	8	.372
Deviance	9.628	8	.294

Link function: Logit.

The research findings provided in Table 7 demonstrate that both the Pearson Chi square test (χ^2 = 8.925, p = 0.372) and the deviance chi square test (χ^2 = 9.628, p = 0.294) were not significant indicating that the null hypothesis was accepted. This implies that the fitted ordinal logic regression model was a good fit to the data.

The fitted ordinal logistic regression model of strategic direction on crises preparedness is provided in Table 8. The regression coefficients, and the significance of strategic direction in predicting crises preparedness of manufacturing firms are provided.

Table 8: Parameter Estimates for Strategic Direction on Crises Preparedness

							95% Confidence Interval	
		Estimate	Std. Error	Wald	Df	Sig.	Lower Bound	Upper Bound
Threshold	[2]	-1.905	.592	10.341	1	.001	-3.066	-.744
	[3]	.103	.529	.038	1	.845	-.933	1.140
	[4]	2.146	.548	15.344	1	.000	1.072	3.220
Location	Strategic Direction	.345	.132	6.885	1	.009	.087	.603

Link function: Logit.

The resulting ordinal regression models were;
Logit P ($Y \leq 2$) = $-1.905 - 0.345X_1$
Logit P ($Y \leq 4$) = $2.146 - 0.345X_1$
Where Y is crises preparedness and X_1 is strategic direction.

The findings provided in Table 8 show the thresholds for the different levels of the dependent variable (crises preparedness). The study results also provide the location estimates of strategic direction. The results indicate that strategic direction was a significant predictor of crises preparedness of manufacturing firms ($\beta = 0.345$, $p < 0.05$). These findings indicate that when strategic direction is improved by a unit, there is a predicted change of 0.345 in the likelihood of a manufacturing firm improving its crises preparedness and vice versa. This implies that improvements in strategic direction is likely to significantly improve the crises preparedness of a manufacturing firm. These findings led to rejection of the first null hypothesis of the study which was;

H_o1: Strategic direction has no significant statistical influence on crises preparedness in manufacturing firms within the KAM in Kenya.

Discussion of Findings

The study findings showed that strategic direction had a statistically significant influence on crises preparedness of manufacturing firms ($\beta = 0.345$, $p < 0.05$). These findings support the strategic leadership theory by Ireland and Hitt (2005) which hypothesizes that 'companies are reflections of their top managers, and that the specific knowledge, experience, values, and preferences of top managers are reflected not only in their decisions, but in their assessments of the decisions they make. The theory posits that providing strategic direction is one of the exercises of strategic leadership that enables the firm to not only superiorly earn returns but also to appropriately adapt its behaviors as it exploits growth opportunities in its ecosystem and deal with unforeseen crises.

The study results demonstrated that a manufacturing firm's crisis preparedness is likely to be greatly improved by changes in strategic direction. These findings concur with the findings by Aguirre et al. (2019) that organizations need strategic direction, to enable them to make tough choices about how they will compete and what will get them to win and stay relevant into the future. A statistically significant difference in the mean rankings of crisis readiness for the different levels of strategic direction of the enterprises was also found according to the findings of the Kruskal-Wallis H test ($H = 18.581$, p 0.05). These results suggest that, depending on their strategic direction, manufacturing companies had varying degrees of crisis readiness. These findings are in line with Gulati (2022) who found that leaders who articulate a company's deep purpose can tap into that broader vision to help them navigate short-term decisions by keeping the company's longer-term intentions in mind. Other authors with similar findings include Brassey and Kruyt (2020), Ashkencis and Moore (2022), and Baxi, Lajoie, Mysore, Craven and Wilson (2021) who all determined that have a clear sense of direction, purpose and vision enable firms to better deal with crises and chaos emanating from their operating evolving environments.

Conclusions and Recommendations

This study concludes that strategic direction is a vital antecedent of crises preparedness in manufacturing companies in Kenya. The implication from this conclusion is that strategic direction is a necessary condition for a firm to effectively prepare for handling crises in the complex and dynamic manufacturing environment the world is in. This is considering that strategic direction is chiefly provided by corporate leaders and their board of directors and entails clearly defining the purpose, intent and vision of the company. The study thus recommends to corporate leadership in manufacturing firms to instill a strong sense of purpose to all their employees, clearly define and communicate the mission of their companies and ensure that objectives of the companies are unambiguously defined and understood by all employees. Besides, the research recommends corporate leaders to continually investigate and evaluate potential key areas of crises informed by insights from their evolving operating environment. Lastly management in manufacturing firms should continuously up-date their potential key areas of crises with relevant and timely information arising from their evolving operating environment.

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