

UNIVERSITY OF KWAZULU-NATAL

**Evaluating strategic alignment and stakeholder value at a component
manufacturing company in South Africa**

by

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Declaration

I Shunmugam Chetty declare that:

(i) The research reported in this dissertation/thesis, except where otherwise indicated, is my original research.

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S. Chetty

Date

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Abstract

Competing on a global scale has been extremely challenging for most organisations. Firms have been forced to assess all aspects of its business seeking innovative ways to improve competitiveness and increase value creation for all stakeholders. Developing strategy alone will not deliver success, unless strategy has been created from a comprehensive understanding of market conditions and industry drivers coupled with lucid communication and focused participation of staff at all levels within the organisation. Management has the daunting task of making strategy meaningful and actionable to everyone in the organisation. The purpose of this study is to identify if organisational strategic alignment is being achieved and creating value for all stakeholders.

A systematic literature review was conducted to identify if an appropriate strategy formulation process was followed to compile the business strategy. An examination of strategic alignment within the organization was conducted. Performance measurement tools were reviewed to assess progress towards strategy and an assessment of stakeholder value creation was conducted. Data for this study was collected from a web based questionnaire and hard copies captured. A sample of 108 employees from a component manufacturing company with head office based in Durban, South Africa was assessed.

The assessment highlights that a well-defined business strategy exists. Major weakness is evident in aligning organizational resources towards achieving strategy. The company also lacks performance measurement tools to monitor progress towards achieving strategic objectives. Recommendations are proposed to improve organizational strategic alignment and the use of performance measurement tools to monitor strategy progress. The organization needs to create a focused approach towards achieving value from a stakeholder perspective.

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CHAPTER ONE

OVERVIEW OF THE STUDY

1.1 Introduction

This study investigates and identifies successful approaches that companies can use to achieve organizational strategic alignment. Achieving organisational alignment is ideal that most organisations strive to attain yet very few are successful in achieving. Organisation alignment is a highly valued commodity and leadership is instrumental in creating that vital linkage. The research identifies successful approaches that organisations can apply to achieve a strategically aligned organisation. An assessment of a component manufacturing company with head offices in New Germany would be evaluated to identify whether strategic alignment is being achieved. An overview of research conducted identifying the motivation, the study focus and problem statement for this research is outlined. Research objectives are presented which are then followed by the research questions intended to address the research problem.

1.2 Motivation for the study

The competitive landscape in which the business operates in is constantly changing. Organisations must constantly analyse how business is being conducted, concentrating efforts towards diminishing waste and improving value added activities that's intended to satisfy changing customer needs and wants whilst focusing on cost reduction and productivity improvement activities that can bring efficiencies. Leaders need to ensure that all resources are aligned and synergies created which can be leveraged to generate a positive outcome.

There has been numerous studies on strategy formulation (Box and Miller, 2011, Baroto et al., 2012; Harrington and Ottenbacher, 2011; Lo, 2012), strategic alignment (Acur et al., 2012; Alagaraja, 2013, Baker et al., 2011; Myler, 2012; Parisi, 2013) performance evaluation (Nandakumar et al., 2011; Ming-Horng, 2011; Popa et al., 2012; Tapinos et al., 2011) and stakeholder value (Ayuso et al., 2011; Barraquier, 2013; DaršKuvienė and Bendoraitienė, 2013, Fassin, 2012) per se, yet there is insufficient coverage of academic literature that brings all these subjects together. This study attempts to bridge this gap.

Organisational alignment is achieving fit within the business and the business environment. To achieve alignment business leaders must be open to understanding how their behaviors and decision fit the environment, their strategy and the business. Alignment enables line of sight within the organisation. Strategic alignment is a dynamic process of aligning organisational culture, leadership and structure in a manner that everyone in the organisation can see their contribution to the organisational strategic objectives. This study seeks to understand the process of creating organisational strategic alignment and evaluate the organisations efforts towards achieving alignment and make recommendations to allow the pursuit of improved alignment. This will also guide those organisations that are desperately seeking to create synergies and alignment within their business to understand the process, thereby structuring plans to create alignment and benefit from organisational resources driving in a common direction.

1.3 Focus of the study

Kwa Zulu Natal (KZN) is home to the largest vehicle manufacturer in South Africa, Toyota South Africa manufacturing (TSAM) assembles vehicles for local and export markets. The study focus was confined to employees within the component manufacturing industry of South Africa. The company head office is located in Durban, South Africa. A selected sample of staff was considered for participation in this survey. These were from various hierarchical levels in the organization, which ranged from junior to senior members ensuring adequate staff coverage and message consistency. Selected staff members at the Port Elizabeth offices were also considered in this survey. Staff at alternate suppliers to vehicle manufactures was excluded from the study. The decision to omit alternate supplier participation was due to the limited timeframe of four months that were allocated to complete this study.

1.4 Problem statement

South Africa is continually under threat from global component manufactures of losing automotive business to Thailand, China and Brazil whom are highly cost competitive. South African automotive component manufacturers are perceived to be uncompetitive in comparison to manufacturers of similar components abroad. The company supplies mechanical components to the automotive industry. The company confronts many challenges within the industry to remain competitive.

Strategic Organisational alignment ensures that activities throughout the organisation are geared towards shared goals. Strategic alignment can create a competitive advantage that will improve visibility and efficiency of organisations. It is therefore argued that organisations must increase alignment between dynamic capabilities and competitive strategies which will result in superior value creation for all stakeholders, thus allowing organisations the competitive edge required to survive, remain relevant, sustain and grow the business interests.

The focus of this research is to identify if strategic alignment is being achieved at the company and if value is being realized by all stakeholders. The study must identify gaps and propose recommendations to improve strategic alignment and value creation that will enable competitive advantage.

1.5 Objectives

The objectives of this study were:

- To identify if strategic models were used to establish the business strategy.
- An evaluation of alignment or misalignment within the organization.
- To identify the evaluation techniques used by the company to monitor performance of strategy.
- An evaluation of stakeholder value generated from achieving organization alignment.

1.6 Research questions

The following questions were identified to guide the research process:

- Did the company use strategic modeling which considered the external environment to formulate the strategy that has been chosen for the business?
- Are the company resources aligned to deliver on the strategy?
- Is the company adequately evaluating progress made on strategic objectives to ensure that the strategy is realized?
- Are stakeholders realizing value from strategic alignment?

1.7 The target population

The research survey was limited to employees in tier one component manufacturing segment with two sites which is located in New Germany and Port Elizabeth, South Africa. Even though there are other more substantially larger tier one suppliers and OEMs for example Toyota which is the largest car manufacturer in Durban South Africa this study has omitted their participation.

1.8 Sample

Convenience sampling was utilised by virtue of accessibility, which ensured that the data could be easily gathered within the period of time that was allocated. The analysis of collected data may allude to certain trends or patterns that could possibly exist within the population.

1.9 Administration of the questionnaire

The questionnaire was web based and also extended to lower levels of management that did not have access to computers, this data was then captured. Lower level employees that were factory based were omitted from this survey.

1.10 Outline of the study

This study was structured into five chapters, providing a logical flow of the research process undertaken.

The content details of these chapters are as bellow:

- Chapter One delivers an introduction to the research problem, the research motivation, the study focus and the research question that was addressed. The objectives and limitations of this study were also identified.

- Chapter Two outlined the literature review, which focused on the global economic situation, the global automotive industry and its positioning with respect to competitive manufacturing. The South African economy and the South African automotive industry with respect to component manufacturer's competitiveness. The literature reviews organisational strategic alignment and stakeholder value derived.
- Chapter Three outlines the different research techniques utilised to complete this study and provides motivation for the selected methods chosen.
- Chapter Four included the presentation, interpretation and discussion of the results of this study, based on the research objectives. The first aspects of this chapter were of descriptive approach, whilst the second was inferential in nature. The study findings were discussed with reference to the literature review conducted and research objectives.
- Chapter Five was the last chapter of this study, where recommendations based on the study analysis were presented. The study limitations which shaped the outcome of this study were discussed and recommendations for additional research proposed.

1.11 Conclusion

This chapter provided an overview of the study conducted. It introduced the research problem, the motivation for the study, the focus of this study and the research question to be addressed. The objectives and limitations of this study were also reviewed. The following chapter detailed the literature review, which formed the basis for this empirical study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Organisational alignment ensure that activities throughout the firm are geared towards shared goals(Ali, 2014). Ali citing Luftman and Brier (2014) recommend that strategic alignment can create advantages to improved visibility and efficiency (Ali, 2014). Parisi citing Miller (2013) postulates that competitive advantage of a company is associated with organisational alignment. There are different levels of strategy operating in a hierarchical manner, it evokes fit amongst strategy, structure and planning which involves shared understanding of strategy and goals amongst managers of various levels in the organisation (Parisi, 2013). The global economic environment has challenged organisations to reevaluate their strategies for competitiveness. Organisations are forced to access their relevance with respect to competitiveness and value adds to stakeholders.

2.2 Strategic modeling

2.2.1 Role of strategic management

Strategy and strategic management has established a significant part of organisation management. The strategic management concept has become a crucial role in business. Business survival and growth has become an outcome of this concept. Jaoua citing Mintzberg, Ahlstrand and Lampel (2014) argue that the meaning of strategic management is not simple to describe as there is no single universally accepted definition and researchers differ on the related concepts such as business policy, strategic process, strategy, strategic management and many more closely related topics. Jaoua(2014) referencing Koenig argue that misunderstanding with conflicting results may deliver a negative outcome as a result of this interchangeability and generalisation (Jaoua and Radouche, 2014). Much research into strategic management as a specific domain has represented multiple outcomes.

Although there has been this general sense created, specialists in the field has provided considerable information on strategic management as integrating specific dimensions in the field of application. There has been differing views on strategic management. There is a view that uses it as a decision making tool, whilst it has been considered by others as activities that focus on strategy formulation and implementation to realise organisational goals (Jaoua and Radouche, 2014).

Ansoff referenced in Jauon(2014) defines strategic management as developing strategies and arranging skills, thereby arranging effective implementing of the strategy and skills. Jauon (2014) citing Sharplindescribe strategy as formulating and implementing plans then executing the activities which are vital to the organisation. Jauon (2014) quoting Glueckargue that strategic management is concerned with a host of decisions and activities which would result in the formulation of an effective strategy that would enable the organisation to reach its goals. The term strategy is derived from strategic management concept. Strategies may be brought about the environment in which the company operates. These strategies would then condition the management, as management would determine the ultimate successful implementation of the chosen strategies. The two dimensions operate as one, making them inseparable. The formulation of strategy and the successful execution of strategy is therefore strategic management (Jaoua and Radouche, 2014).

According to Vermark and Styen (2014) citing Drago, Korn and Lant, strategy is a method to achieve organisational growth (Vermaak and Steyn, 2014). Vermaak and Styn (2014) citing Ashmos, Duchon, and McDanielidentified that companies that operated in a turbulent environment, which responded with strategic complexity outperformed their peers (Vermaak and Steyn, 2014). Roger argues that most companies confuse strategy with budgets; they generally compile budgets with many explanatory words linked to it. This is due to the huge involvement of finance function in the strategy formulation process (Martin, 2013). Roger (2013) argues that strategy should inform business on which initiatives to focus on and are more likely to produce the required results. A well defines strategy will then ease the planning process, because it will enable discernment of critical and non-critical initiatives for business (Martin, 2013).

2.2.2 Strategy formulation process

At least 65% of organisations have defined and agreed upon a strategy for their organisations, yet only 14% of their employees understand their strategy and less than 10% have successful execution of their strategy. With such poor statistics in favor of successful results, should entrepreneurs focus on developing strategies? Myler (2012) argues that strategy formulation is worth nothing less than an entrepreneur best effort. The key missing ingredient which if applied correctly will significantly improve creation of strategy, communication of strategy and execution of strategy, this missing element is “strategic alignment” when applied correctly will also generate value for all stakeholders (Myler, 2012). A company strategy is management’s action plan and commitment to pursue business growth and comprises how this will be achieved (Hough, 2011). The term Strategy has been applied in many ways however the fundamentals of how to manage resources within the environment to gain competitive edge over rivals remain the same. According to Henderson as cited by Tuan (2012) strategy is described as a deliberate formulation of action plan that enables business competitiveness and compounds this advantage (Tuan, 2012). Ali quoting Porter describes strategy as creating “fit” amongst company activities. Fit describes how competitive advantage and sustainability can be achieved from the way a company’s activities reinforce and interact with each other (Ali, 2014).

Tuan citing Ohmae(2012) argues that competition should not be placed first when formulating strategy. Competition should be a consideration during strategy formulation, but certainly not the first. Customer needs should be the highest order in strategy development. Strategy must be shaped by value creation for the customer and then evaluated against its competition. Tuan citing Prince (2012) argues that strategic planning is the core of strategic management, whilst searching to exploit opportunities and avoiding threats. The process can be formal or informal depending on the company operating environment and strategic direction (Tuan, 2012).

Roger (2013) argues that a company can only have one strategy, and not a combination of strategies. Strategy is an integration of various choices, it defines our aspirations, identifying where we will compete, what we will do to achieve results, what capabilities will be needed to achieve this result and the management systems needed(Martin, 2013).

According to Mintzberg and Waters (2012) quoted by Kruger and Noxolo identified the biggest challenge for company's strategy formulation was to adequately understand the company's capabilities to establish strategic direction. In order for a company to establish strategic direction that would yield a competitive advantage a company strategists must know which actions and direction they need to take or can take (Kruger and Noxolo, 2012). Kruger and Noxolo citing Kruger and Snyman(2012) further stated that this is imperative for the company to fully understand its operating environment, the industry, its competitors and assessing their strengths and weaknesses to predict competitor next moves (Kruger and Noxolo, 2012).

Aluko and Kazmi referenced by Tuan (2012) identify that strategic management is concerned with three elements: strategy formulation with various choices of actions, their evaluation to identify the chosen option and execution which comprises how the chosen strategy can be effectively implemented (Tuan, 2012).

2.2.2.1 Tools to enable formulation of strategy

There are various analytical methods used in strategic analysis that allow business leaders to scan the business environment and evaluate various initiatives that could be used to enable competitiveness. Analytical tools and methods are imperative in establishing consistency and ensuring an appropriate level of rigor is considered in the strategic analysis and strategy formulation process.

Myler(2012) argues that some organisation formulate strategy purely from internal vision, mission and values. Their approach is that "we are who we are" and "if customers do not like it, too bad". Other companies stretch themselves to accommodate every potential customer and in the process lose their identity. These two examples are from extreme ends of strategy formulation, with neither making much business sense, however alignment can bring sustainable business balance (Myler, 2012).

The questions that need to be asked are what do your customers want to buy and what product or service are you offering? If there is alignment between these two questions then a viable foundation is established for strategy formulation and implementation.

The challenge is that many business strategists do not ask these two relevant questions and therefore miss the opportunity to recognize misalignment. Business objective should be to make reasonable attempt to satisfy target market demands whilst remaining true to your core business activities. This may require a modification to one or both to ensure alignment is achieved which will then result in higher revenue generation customers (Myler, 2012).

2.2.2.2 Macro environmental analysis

According to Yuksel (2012) thePESTEL analysis provides a tool to analyze the macro environment and the current conditions of the company. Technological advancements and globalization has improved geographical interaction of people all over the world. With this evolution national boundaries have become irrelevant within current economic activity. Yuksel (2012) referencing Erenargues that the significance of items manufactured outside geographical boundaries has increased in importance. This movement has altered the environment in which the company operates (Yüksel, 2012).

Macro environmental factors have become relevant today and important in business achieving their desired goals. Important parameters such as environmental health, environmental protection, legislation driving accountability and transparency have become relevant factors in commercial activities. The company must consider the dynamic process if it is to survive in the ever changing environment today. Business must adapt their strategic decisions to incorporate macro environmental management influence(Yüksel, 2012).

Factors of the economy, social values, lifestyle, governmental legislation, regulation and political influence are variablesthat affect decisions about direction, strategy, objectives and business models which has a direct influence on business outcome (Hough, 2011).

According to Tuan as referenced by Stacy (2012) Strategic Choice Theory is described as a rational, analytical sequence of activities used for the generation of long term strategic plans. Forecasting market development and analysis, together with power and financial implication of alternative action options are the activities involved. The outcome is a set of guidelines that would direct the organisations development for a lengthy period of time. The individual actions of managers can also be measured using this template.

A well-developed plan will go a long way to yield organisation success; however the plan articulates the blue print to which results must be evaluated. Effective implementation will yield success. Organisation must monitor the trends, internal and external events and make the necessary changes to ensure that it adapts (Tuan, 2012).

Smith and Grimm (2010) referencing Atwater argues the basis of strategic planning is, a company should scan the environment and adapt to changes within the external environment. Evolution of the external environment requires the organisation respond appropriately and timeously to these changes. Should the organisation not respond, then misalignment could occur which would affect the company's performance (Atwater et al., 2010). Atwater (2010) quoting Rajagopalan and Spreitzer further state that strategic change occurs as a result of a company adjusting its strategy to improve alignment in response to changes to the external environment. The improved alignment would generally result in improved performance (Atwater et al., 2010).

2.2.2.3 The industry analysis

The industries present conditions do not expose much on how the environment in the industry is changing. New developments and trends are attributes of industries, which gradually and speedily bring about change significant enough to warrant a company in that particular industry to respond strategically (Hough, 2011).

All industries follow a general life cycle of "take off, rapid growth, early maturity and slowing growth, market saturation and stagnation or decline", however there are far more contributing factors to changes affecting the industry which need to be identified and their impact to the industry understood. It is vital to understand where the industry is relative to the life cycle, however recognising the other attributes may have even stronger consequences for industry change and competitiveness (Hough, 2011).

The relative importance is that the industry and competitive environment changes due to the pressures exerted by the industry forces. These driving forces are ultimately the most powerful as they have the largest influence on making changes to the competitive position and shaping the industry landscape. It is therefore imperative that a firm acknowledges and respond to changes appropriately (Hough, 2011).

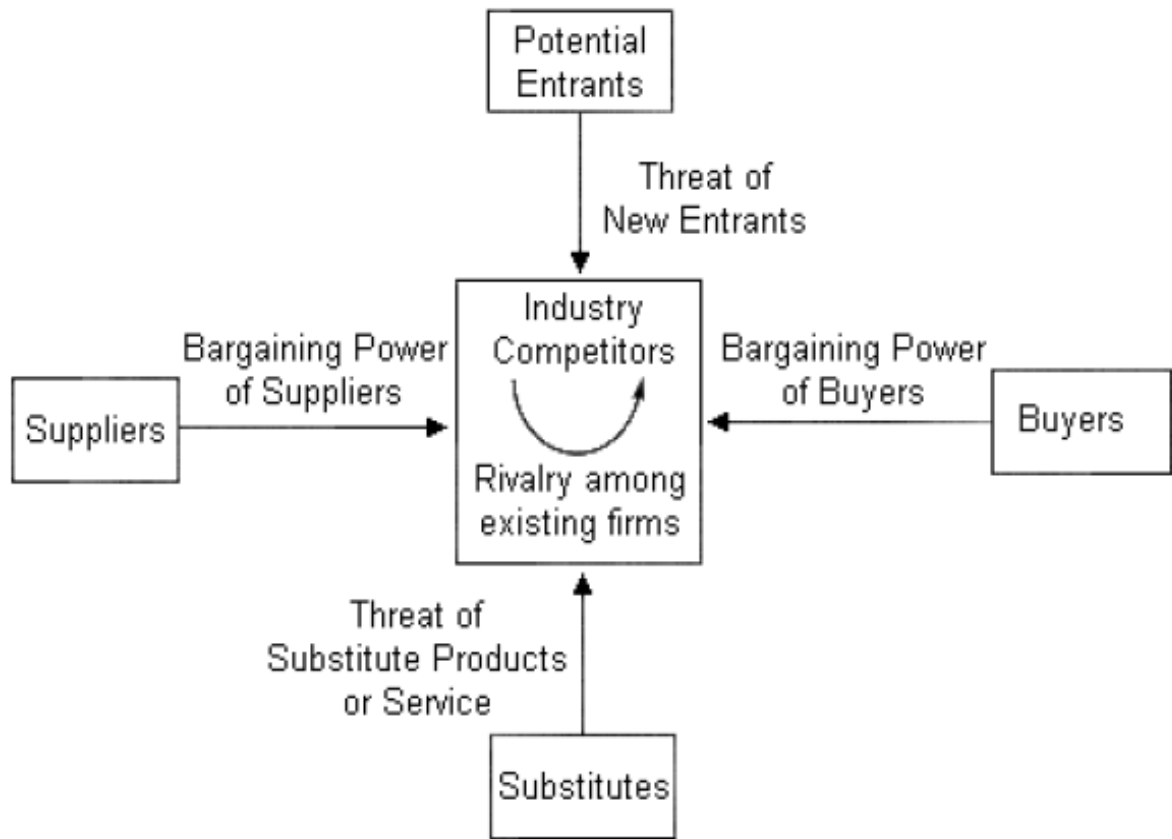


Figure 2.1 Porters five forces model

Source: (Ward, 2006)

Porter's five forces model as in figure 2.1 enables organisations to simultaneously assess the industry in which it operated in and at the same time understanding its competition. This has been considered as a simple structured framework to enable strategy formulation. A comprehensive examination of threat of new entrants in the form of new manufactures of the same product, bargaining power of buyers in the form of customers with economies of scale in Toyota that drive down prices, rivalry among existing firms as in competition within the existing manufacturing firms that supply product, threat of substitute products as in alternate solutions available to customers via imports and bargaining power of suppliers as in steel suppliers that hold monopolies thereby commanding material pricing and supply terms. This model provide management with an opportunity to analyse the industry and formulate a competitive position in which to outperform its rivals(Ward, 2006).

Jaoua (2014) citing Anvenier define the decentralised strategy process as strategic management, this would join strategy formulation with implementation via the involvement of various hierarchical levels in strategic thinking. The two main elements of strategic management are encapsulated in this definition. Firstly strategy is fixed internally using resources and core competencies to external environment. Second element is the integration of staff of different hierarchical levels in strategy formulation (Jaoua and Radouche, 2014).

2.2.2.4 SWOT analysis

Everett (2014) argues that there are two basic methods to conduct market analysis. In the first method the leader would use insight, experience and judgement to seek business opportunities for their companies and would conduct an analysis with the information gathered to interrogate the opportunity. The second method requires utilisation of analytical tools to generate information to analyse the opportunities. Tools available include SWOT Analysis, which enables analysis of Internal and External Factors, the BCG (Boston Consulting Group) Matrix, Screen Model, etc. (Everett, 2014).

The SWOT Analysis is the foundation on which more sophisticated analytical models are developed. The use of this tool requires the identification of the company's internal strengths and weaknesses within the context of external opportunities and threats that the company is exposed to. The SWOT reviews what the company is capable of doing in response to market analysis. The SWOT will also shape market research based on the company's strengths and weaknesses (Everett, 2014).

Business leaders who have a deep understanding of their organisations strengths and weaknesses are more likely to investigate enquiries that are more accessible to their organisation. A clear understanding of potential opportunities may also enable leaders to seek the relevant resources to develop the organisational strengths to leverage the opportunity and overcome the organisational weakness (Everett, 2014). A study by the Taiwan Airports Company used SWOT analysis to conduct a competitive environment analysis to identify advantages and disadvantages of the Taiwan Taoyuan International Airport and formulate an integrated forward looking assessment using successful key factors of the airport-city development on trends and strategy development using the TOWS matrix to recommend strategic decisions (Wan-Chung et al., 2012).

A SWOT analysis enables an organisation to get an in-depth review of their capabilities allowing for careful selection of opportunities that would complement competencies the business has and also align training and development to new competencies that are required by the future strategic opportunities.

2.2.2.5 Competency theory

Competency theory has been growing in following and has directed researchers and managers attention towards resources which focuses on the firms competencies. This area of studies strengthens the “inside out” approach which focus on the firm’s internal source of competitive advantage. The dominant focus has always been on the “outside in” approach which focuses on the sources of competitive advantage from outside the firm which is the industry competitiveness. This model of competitiveness features in Porter’s competitive model, which reviews the industry analysis in which the firm operates (Ibraimi, 2014).

Ibraimi referenced by Andrews’s (2014) defined strategy as a union of what a firm can do with focus on strength and weakness with what all that it could do focusing on opportunities and threats using the model of SWOT. Ibraimi referenced by Wernerfelt (2014) was considered the initiator on competency theory research; the thought process was not to consider contingency theory as an alternate to industrial organisation theory; however the conditions that bring value to the resources are not different. Successive input has distinguished competency theory further from industrial organisation. There has subsequently been increased literature trying to bridge the gap and review both approaches with the intent to integrate them as far as possible into a combined vision (Ibraimi, 2014).

There is a relationship between entrepreneurship and strategic management where the entrepreneur takes first position because it is centered on the creation of the firm, whilst strategic management is concerned with how competitive advantage can be established and sustained from what has been created. Porter being considered as the principal advocate of industrial organisation theory could not ignore the criticism leveled for competency theory supporters (Ibraimi, 2014).

Porter referenced by Ibraimi (2014) describes competency theory as bring new answers to “longitudinal problem” which comprise individualization of factors that enable a company to create and maintain a competitive place in the industry over time. This problem cannot isolate from “cross sectional problem”, which tries to comprehend the foundation for the superior performance experienced by the firm at a particular moment in time.

Porter reaffirms that the point of analysis must focus on the industry or the firm, as the owner of the competencies or the resources and compared to the industry competitors, this would ultimately lead to the company’s ability to generate based on the industry attractiveness and the firm position relative to the competition in the industry. Should the firm choice of strategy be that of performing activities different to its rivals, then core competencies must enable this diversity to be followed (Ibraimi, 2014).

2.2.3 Generic strategies

There are numerous options of competitive strategies that a company can utilise; these will be unique to the individual companies based on the characteristics of their industry operational environment. The uniqueness of each strategy employed by the company is very unlikely to be similar to that of its competitor. Management at the various firms will have different views on the future market environment and what the best alignment strategy required to respond to the future changes. This will drive management to choose different strategies to try outmaneuvering their competitors.

Porter cited by Johan (2011) describes five generic strategies that management has available.

- Low cost provider strategy: Incorporating this strategy the company strives to be the industry low cost provider thereby attracting price sensitive buyers. Low cost leadership is reached when the company becomes the low cost provider, which is lower than its rivals.
- Broad differentiation strategy: This strategy seeks to differentiate the company’s product offering from rivals whilst appealing to a broad spread of purchasers. This is achieved by a careful study of buyer requirement, understanding what the buyer perceives as value and what they are prepared to pay for it.

The company then incorporates these attributes into their product in a way that enables it to differentiate it from competitor offerings(Hough, 2011).

- Best cost provider strategy: This strategy strives to incorporate the lower cost that competitors whilst offering products with attributes that are comparable to competitors. The intent is to provide customers with more value for money; this is achieved by providing value that is superior to competitors at the same time exceeding their price expectation.
- Focused low cost strategy: This strategy is developed for a niche market, with high focus on costs that are lower than rivals, which would then enable the user of this strategy to offer a focused market product at a low cost(Hough, 2011).
- Focused differentiation strategy: This strategy focuses on selected segment of the market by outperforming competitors. This is achieved by offering customers unique attributes that resonate with their specific needs superior to competitor's offerings.

The competitive focus of the five generic strategies enables a position in the various markets. Each focuses on a specific type of approach to the operating environment to achieve company success (Hough, 2011).

Strategy formulation is imperative to setting direction for the organisation. Strategy sets the undercurrent for all decision making choices by the company resources. Strategic planning portrays the firms chosen strategy and defines the resource requirements to achieve the formulated strategic plans. To generate the strategic plans it is imperative that a firm gets a comprehensive understanding of the industry in which it is operating in and its firm itself, which allows it to choose the relevant strategy that seeks to gain advantage from the opportunities that are available (Mangram, 2013).

2.3 Organisational strategic alignment

Once leadership has chosen a particular strategy for the organisation, management must alignment organisational resources to achieve the strategy. Alignment is the process of enabling line of sight in the organisation; this is where everyone in the organisation can “see” their contribution in the achievement of the organisational strategic objectives (Hough, 2011).

According to Andrews referenced by Baker (2011) argues that alignment is a broad topic, where organisations intent should be to “match” or “fit” their resources to the competitive context in which the organisation is operating (Baker et al., 2011).

Organisational strategic alignment is a dynamic process whereby strategic alignment is encompassed into the leadership, organisational structure, culture and governance in a manner that each individual can see their contribution to the organisational goals and objectives (Hough, 2011).

2.3.1 Mckinsey 7S

Mckinsey 7S model can be used to improve organisational effectiveness and efficiency and is very effective in evaluating effects of proposed future changes with the company. The combination of the seven interdependent factors make this model an enabler for implementing proposed strategies effectively to achieve the company set goals as can be seen in Figure 2.2. The model uses hard and soft elements interconnected with each other. The three hard elements being strategy, structure and system, whilst the four soft elements are skills, staff, style and shared values.

This model could be used to improve alignment in the following situations:

- Improving the operating performance of the organisation.
- Examining future changes to be implemented in the company.
- Focused alignment of individual departments and processes within a company.
- Identifying the best appropriate method of implementing a company strategy.

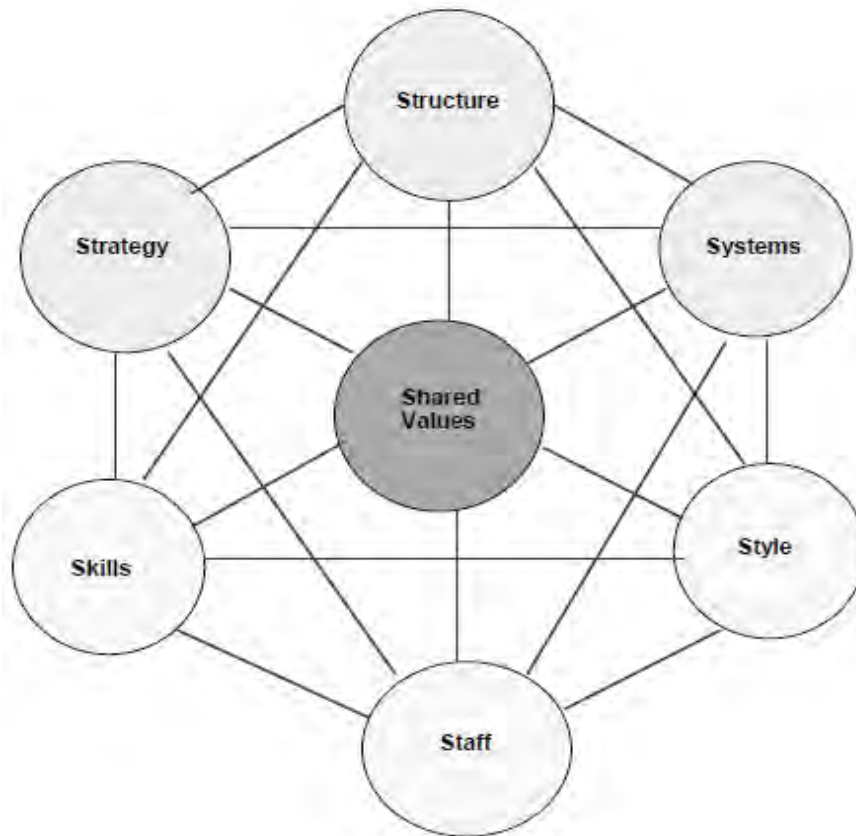


Figure 2.2 Mckinsey 7S model

Source (Palatková, 2011).

Kathuria referenced by Parisi (2013) describes strategic alignment as a “vertical linking process”. There are three levels of strategies that function in a hierarchical manner where corporate strategy sets objectives for organisational level which forms a business level strategy that is developed into a functional strategy. Strategic alignment evokes fit amongst strategy, organisational structure and system planning where managers at various divisions and levels of the company hierarchy are required to create a common understanding of company goals and strategy (Parisi, 2013).

Ali (2014) quoting Scherpereel applying the alignment concept to organisation defines alignment “as both a noun and a verb – a state of being and a set of actions Alignment refers to the integration of key systems and responses to the external environment” (Ali, 2014). Jorfi (2011) referencing Papp describes strategic alignment has having significance importance since the past decade and has gathered substantial data since 1980’s.

The relative importance of strategic alignment is fundamental to business benefits such as developing competitive advantage, competing in difficult competitive markets, gaining positive business performance; contribute to business value attainment via support of business strategies and bringing flexibility to opportunities (Jorfi et al., 2011).

According to Kaplan and Norton as cited by Stephenson (2012) agree that a firm strategy should generate alignment and integrate common references directing human, informal and company resources towards generating preferred expectation for customers and shareholders. Abraham cited by Stephenson (2012) describes strategic alignment as “everyone rowing in the same direction”, when the linkage is tighter and the alignment better, success is more a likely outcome. Customer and shareholder value can be generated when all tangible and intangible organisational resources are aligned (Stephenson, 2012).

2.3.2 The impact of strategic alignment

Baker (2011) citing Chan and Reich states that empirical work has demonstrated that when strategic alignment has been achieved, business performance improves (Baker et al., 2011). Baker argues that there are limitations to strategic alignment which come from path dependency theory.

Baker citing Leonard-Barton (2011) describes path dependency theory as decisions that have been made in the past which constrains decisions that are being made in the present. Organisations find it difficult to break this pattern of behavior and therefore reinforce old patterns (Baker et al., 2011).

Organisations with high levels of alignment would generally follow the established trajectory even though their current strategy is no longer appropriate and market conditions have changed. Baker (2011)citing Ciborrafurther state that high degree of alignment is not appropriate in today’s hypercompetitive environment where improvisation would lead to competitive advantage than deliberate planning which is derived from strategic planning (Baker et al., 2011).

Juan (2011) argues that organisation employing the latest tools to organizational efficiency hoping to achieve strategic alignment do not realize the full rewards of their efforts. The main contributor to this weakness is a lack of integrated approach that changes many factors within the organisational system, specifically leadership behavior and key capabilities. Organisations that is cognizant of the changing environment and able to respond by adapting behavior and design of their strategy to the changes in the business environment effectively. Juan (2011) citing Beer and Eisenstat call this “organizational fitness”, where adapting to successful demands force organizational reshaping in design, political landscape and culture by rejuvenating the organisation through skill and courage of senior management in their pursuit to lead systemic organizational learning (Hough, 2011).

Ali (2014) citing Peters argues that high performing companies have achieved harmony within the “three hard Ss” being strategy, structure and systems and the four soft Ss” of skill, staff, style and super-ordinate goals” (Ali, 2014). Ali citing Butt (2014) argue that when manufacturing and marketing work together for goal attainment improved business performance is achieved (Ali, 2014).

Jorfi (2011) citing Davis identify that employees and managers find that their tasks become intrinsically motivated and generates more meaning when they have a responsibility for the outcome of the their tasks as this increases their self-development opportunities.

Strategic alignment enables managers and employees to be empowered to take responsibility for the outcomes of their various tasks (Jorfi et al., 2011).

Organisations are successful when managers are able to lead in a manner of empowering people to make decisions, participate in information sharing and able to experiment with new ways of doing their work. When leaders create an environment that empowers people then both the company and the employee shares in the value generated (Goldsmith, 2010).

Tallon(2011) citing Gibson believe that associated behavior and knowledge sharing between IT and business executives are enablers of strategic alignment and are imperative factors to recognizing environmental opportunities and threats and identifying when and how businesses should respond.

Tallon(2011) argues that should this be correct then alignment would support agility, but sharing of knowledge may lean towards protecting the status quo which inevitably leads to positioning use of existing resources ahead of investigation of new opportunities which potentially compromises agility (Tallon and Pinsonneault, 2011).

Stephenson(2012) citing Guttman argue that research exposes that achieving organisation alignment is an extremely difficult task. The opportunity for misalignment which generally lead to poor decision making due to priorities not being clearly defined by an overall business strategy. Decisions are made by managers who are influenced by their self-interests whilst operating in silos (Stephenson, 2012). Stephenson citing Hall, Harrison and Pelletier (2012) argue that although there is a massive body of information to aid management in best decision making which is aimed at preventing the pitfalls of decision making process and poor organisational alignment however it is evident that many strategic decisions fail (Stephenson, 2012).

2.3.3 Criticism of alignment

Ali (2014) citing Cumps argue that alignment may not always be preferred. The challenge faced by strict compliance to alignment is that organisations find themselves restricted in vision, this may decrease its ability to respond to environmental changes, decrease agility brought on by failure to recognise changes in the operating environment due to fixed plans and direction (Ali, 2014). Volatile consumer demand, shorter product lifespan with rapid obsolescence and international financial market uncertainty has created conditions of increase environmental volatility.

Organisations are exposed to unanticipated changes where agility has emerged next to alignment as organisations having the ability to detect and respond to environmental changes with ease, dexterity and speed. Agility has become a key business imperative. Tallon (2011) referencing Oh describes literature as overlooking agility as an outcome of alignment, where firms focus on performance metrics such as growth, efficiency and profit. Research has drawn attention to the benefits of agility (Tallon and Pinsonneault, 2011). Ali (2014) citing Venkatraman established that improved performance has been achieved by co-alignment of manufacturing and marketing.

Tallon(2011)quoting Janisargue that if alignment was reached when the markets were stable, then the risk posed to the myopic approach to alignment may risk failure to respond to market changes timeously. Tallon(2011) citing Chooagree that successful alignment enables firms to build credibility and generate as much value from their alignment structure. The challenge faced is that although market changes are evident and unequivocal, management may not react, delaying their response (Tallon and Pinsonneault, 2011).

2.3.4 Challenges in achieving alignment

Myler (2012) argues that once a sound strategy has been established, one that combines customer demands with business output, then the challenge for business is to add employees into the mix whilst aligning their daily actions to that of the company strategic direction. At this point strategy success rate drops by 50% for the following reasons:

- The message from the top loses coherence as it cascades through management layers.
- Employees cannot see the benefit for themselves; this is enhanced when management cannot connect reward and recognition with desired behavior.
- Workers are unaware of items that manifest in misalignment, although they may be unknowingly generating them.
- Majority of people cannot link their job description to company overall strategy.
- The greatest challenge is a plan that is too complex to be comprehended by all. The assumption made by executives is that because the plan is well understood by them, then everyone else should be able to interpret it.

Alignment is key to the vexing question of business strategy communication (Myler, 2012). Stephon citing Chan (2012) argue that agency problem exist in organisations where the agent (example Top management) may have interests that are different from the principal, this affect the decision making of seniors that may be influenced by their self-interests. This is a cause for misalignment where management decisions are not aligned to stakeholder interests (Stephenson, 2012).

Many companies exist for a deeper meaning. This meaning generally resonates with the purpose, mission and vision. This meaning influences strategic choices and decisions that are made at senior management level; however this is not properly articulated for the company employees. Management need to create its relevance with employees allowing them to connect in a manner that makes them care about their job. This must be at the core of management's communication strategy, a simplistic, inspiring message that is easily understood. The strategic message must link company purpose to enable employees to connect their day to day function with company aspiration (Everse, 2011).

Alignment ensures that everyone in the organisation is geared towards the same results. Although there has been criticism raised against alignment, there has been more focus on alignment. Benefits associated with positive alignment have resulted in superior organisation performance. Baker et al citing Chan (2011) views the weaknesses and critiques of alignment as challenges in the goal to achieving alignment (Baker et al., 2011).

2.4 Organisational strategy evaluation

Having defined the strategy and aligned the organisation to the strategy it is imperative for the organisation to monitor progress. Accurate selection of performance measurements will enable the organisation to visualize strategy progression. Rompho citing Kaplan and Norton (2011) identify that the balance scorecard addresses some of the weaknesses and vagueness of past management approaches. It provides a clear prescriptive on what companies should measure. It articulates vision and strategy, integrating organisation performance, communicating the strategic objectives and measures to business units and aligns the organisations strategic initiatives. When successfully adopted it aligns everyone within the organisation enabling employees to understand how their initiatives will support the strategic goals set for the organisation(Rompho, 2011).

Organizations use performance management in the form of interlinked financial and non-financial objectives that are translated from strategic goals. Johnson citing Kaplan and Norton (2014) provides a multidimensional performance measurement system in the use of a Balanced Score Card (BSC). The BSC provides senior level management with a tool to communicate strategic goal to lower levels of management by setting targets. These targets link the strategic goals of the organisation to these performance targets.

Performance of management is then measured in the pursuit of this target. With a strong emphasis on leading nonfinancial targets such as customer satisfaction, employee learning and process improvement the BSC supports strategic long term performance as key drivers of long term financial performance (Johnson et al., 2014).

Johnson (2014) citing Ittner argue that a large body of research demonstrate that evaluators focus on financial indicators in their performance metrics whilst sidelining non-performance metrics measures. The outcomes identify evaluator's preference for nonfinancial indicators or their inability to estimate current period performance benefits on future performance indicators (Johnson et al., 2014).

2.4.1 Balanced score card

Johnson et al(2014)citing Kaplan and Norton developed the BSC as a method to compensate for the extreme fixation on financial performance which is short term. The argument generated by Kaplan and Norton is that financial measurements do not motivate value creating activities. Financial metrics focus on lagging performance measures that reflect consequences of activities of the past. The BSC has been developed with the expectation that leading indicator performance improvements such as learning and growth, internal processes and customer focus will result in better financial performance of lagging performance metrics in time (Johnson et al., 2014).

2.4.2 Balanced score card application

The balanced score card comprises current performance indicators and future performance drivers, with financial and nonfinancial measures integrated into a set of performance metrics. The purpose of the balance scorecard is to provide management with a complete view of what is occurring inside the organisation and outside the organisation. Ming-Horng(2011) citing Hoffecker describe the significant characteristic of the balance scorecard is the ability to link the organisations mission and strategy with specific intent to provide information on current efforts and encourage ongoing efforts towards. The balanced scorecard has become an integral aspect of the strategic planning process, evolving past a mere performance tracker (Ming-Horng, 2011).

A good blend of outcome measures and performance indicators makes an effective balance scorecard. To generate an effective balance score card, embody a balanced mix of diagnostic measures and strategic measure. Diagnostic measure enable the organisation to visualise if the current mechanisms are in control or if intervention is require to bring these under control, whilst strategic measures provide an evaluation of the level of success in attaining the set strategic goals. Diagnostic measures therefor focus on “hygiene factors” which would ensure the organisation functions as expected. The strategic measures ensure that short term objectives do not overshadow the organizations strategic goals (Ming-Horng, 2011).

Cardoso Vieira Machado (2013)citing Kaplan and Nortondefine balance scorecard as a performance management evaluation system that has a combination of measures which provide managers with a global view of business. The objectives are derived from the organisational strategy. These are grouped into four categories which are clients, internal processes, innovation and learning and financial. The first stage is described as objectives of the strategy and measures to execute each of the objectives according the four categories. It was further concluded from implementation experience that managers were also using balanced scorecard as a strategic management system as opposed to performance only (Cardoso Vieira Machado, 2013).

Balance Score card Linking vision and Strategy

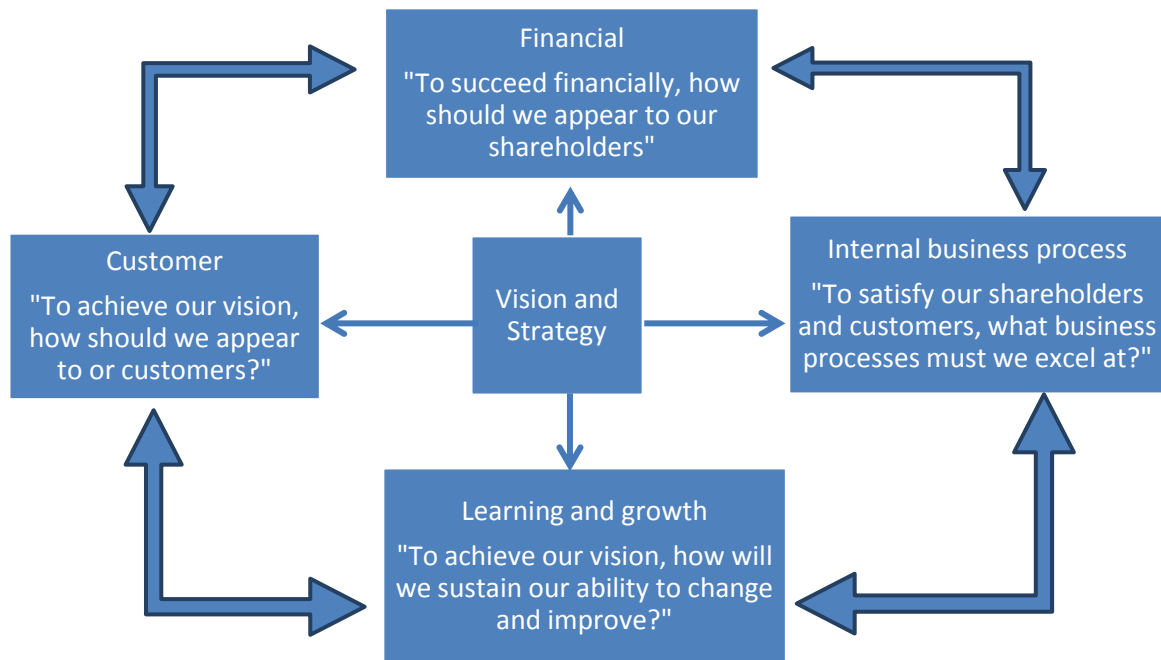


Figure 2.3 Balance score card linking vision and strategy

(Alrafadi and Md-Yusuf, 2011)

2.4.2.1 Financial

The financial measures aim to evaluate stockholder objectives. This would include traditional financial measurement (Cardoso Vieira Machado, 2013). The evaluation mechanism enables a view of how the organisation looks to the investors. The measurement tracks the conversion of organisations operational performance to financial results (Ming-Horng, 2011). This perspective track purely financial targets such as profitability, return on investment, cash flow. Selection of these measures is imperative to ensure that it depicts the relevant financial indicators that are important to the organisation (Alrafadi and Md-Yusuf, 2011).

2.4.2.2 Client / customer

The client measurement evaluates how well we have satisfied the objectives set to achieve client's needs.

Machado (2013) citing Kaplan and Norton define client measurements as performing market segmentation, thereby subgrouping clients with similar needs and identifying a measurement that most adequately represents this client's needs. To enable client satisfaction it is imperative for excellence to be achieved with internal functioning (Machado, 2013). This measurement focuses on how the customer views our performance. The measurements evaluate the organisation performance to customer expectation (Ming-Horng, 2011). The measurement considers customer satisfaction such as providing additional services to customers, responding to customer complaints, improving service. An organisation faces the risk of losing the customer to competitors if they are not tracking customer satisfactions measures (Alrafadi and Md-Yusuf, 2011).

2.4.2.3 Learning and growth

This is imperative to ensure the goals of the future can be accomplished, innovation, operations and after sales service are the focal points to this measurements (Machado, 2013). Ming-Horng(2011) citing Kaplan and Norton further developed this measurement to innovation and learning. The focal points are improvement and value creation. The organisation must foster and sustain its ability to satisfy customer expectation, the building blocks in this category is infrastructure development (Ming-Horng, 2011). This perspective leans towards the people aspect in identifying the culture the organisation requires in order to achieve the set vision. The score card would measure capacities required in order to accomplish the set strategic objectives. This aspect focuses on the enabling criteria and has a developmental dimension that seeks to empower staff to deliver on performance levels required by the other perspectives of the balance scorecard (Hough, 2011). Alrafadi(2011) argues that the organisation should create an impetus on its ability to develop new products, learning and advances in new management policies.

The competition is constantly evolving and without learning the organisation will not maintain a leading position thus allowing the competition to pass the organisation. Standards need to be set for all perspectives relative to the strategic goals and then measured on the balance scorecard to track performance (Alrafadi and Md-Yusuf, 2011).

2.4.2.4 Internal processes

Managers need to identify what the organisation needs to excel at in order to satisfy customer needs. This view is taken from an internal perspective. In order to continue adding value to customers and thereby satisfying stakeholders, key processes are identified that the organisation must focus on excelling. Once these processes are identified their operational performances are tracked on the balance score card from an internal perspective (Hough, 2011). The focus from an internal perspective is to achieve a high level of performance in operations. The goals may include production, quality, use of information technology, etc. Alrafadi(2011) argues that many companies lack performance measures, therefore lack the ability to track their performance levels. These companies do not improve on performance levels, in certain cases they actually decline (Alrafadi and Md-Yusuf, 2011).

2.4.3 Principals of balanced score card

Machado(2013)citing Kaplan and Nortonidentify that one of the foundation principals of the balanced scorecard is to foster a cause and effect relationship between the various perspectives and ensuring a cause and effect between the measures that have been chosen to represent the perspective. There are two foundation principals that the balance score card must comply with:

1. All measures must articulate business objectives based on the organizations mission and strategy.
2. There must be a clear cause and effect relationship amongst the measures identified for the four perspectives.

If the above two principals are satisfied then the balanced scorecard would adequately describe the organizations strategy due to the integration of measures in the cause and effect relationship (Machado, 2013). A well designed balance scorecard will articulate the business strategy if it has strong emphasis on cause and effect relationships between various perspectives outcome measures and key performance drivers that lead to the specific outcomes. The Balance score card communicates the meaning of the business strategy, whilst compliance with the cause and effect relationship (Hough, 2011).

2.4.4 Challenges associated with balanced score card

Ming-Horng (2011) argues that the lack of using the balance scorecard in the educational sector is from a general lack of understanding. Educational institutes are similar to banks and insurance companies that provide a service. Banks and insurance organisations have adopted balance scorecards into organisations and have displayed successful results. Surveys conducted with engineering head of departments suggest that the balance scorecard may be beneficial. Engineering programs are seeking responses to changes in the operating environment and are adamant that performance management are crucial to provide direction and constructive feedback of their current implementation plans. The balance score as implemented by many non-profit organisations has seen benefits of stimulation, focus and ongoing efforts of continuous improvement in the engineering programs (Ming-Horng, 2011).

Although there is expected future performance improvement on lagging measures of the BSC by focusing on the leading strategic measures, research data indicates that evaluators are not using the BSC as designed with the use of leading strategic measures but rather biased towards the financial lagging measures. Johnson (2014) citing Cardnaels and Van Veen-Dirks confirm similar results when additional research was conducted on BSC. There have been various explanations for these findings; some include cognitive restrictions with the ability to process unrelated information. Evaluators assess lagging measures in isolation of earlier decisions that may have had a positive impact on the outcome. There are also challenges faced by individuals in finding the link between leading measures for current period with lagging financial measures for the subsequent period. This may result in termination of good leading measures. Johnson et al (2014) citing Broniarczyk argue that this may be exacerbated by the presentation format of the BSC where performance measures are simultaneously presented for evaluation (Johnson et al., 2014).

Rompheo (2011) citing Tennant and Tanoren argue that although the balance score card has found widespread use in large organisations, there has been limited use in small and medium enterprises (SME). Most SMEs are not using this technique as compared to large organisations as many are not aware (Rompheo, 2011).

Although there have been many successful outcomes achieved with the balance scorecard, Rompho citing (2011) Kaplan and Norton argues that the two main sources of failure:

2.4.4.1 Design failure

A scorecard that has been poorly designed will not add to successful outcomes

- The leading and lagging measures are not balanced;
- Too many measure without adequate linkage, the failure associated is lack of focus.

The measures selected do not describe the strategy. No screening of measures. The organisation attempts to include all key performance indicators into the perspectives without screening to ensure that it depicts the strategy. This failure restricts translating strategy into action and therefore not deriving any benefit from the balanced score card.

2.4.4.2 Process failures are the most generic cause of BSC failure

- Senior management is not committed to implement;
- There are not enough people participating;
- Management keep the score card at the top level only;
- The development process is lengthy;
- The approach to the balanced score card are as a onetime project only;
- The approaching to the balanced scorecard is that of a systems project;
- The company hires inexperienced outsource consultants in the development process;
- Using the balance scorecard for performance compensation only.

The common thread underlining the failure of the balance scorecard is ineffective communication within the organisation is achieving the desired results. Not everyone within the organisation are aligned to the strategy and committed to supporting the outcome, they may even resist it. Strategy has to be everyone's every day job and must be fully supported by all levels of management (Rompho, 2011).

2.4.5 Benefits of balanced scorecard

The three benefits of the balanced scorecard are, firstly the focus it creates on the entire organisation as a single entity. Secondly it integrated the various disciplines of the company such as operations, customer service, engineering and quality. Thirdly it creates a standard for strategy implementation for lower levels with the organisation such as unit managers and employees (Alrafadi and Md-Yusuf, 2011).

Value derived from BSC:

- Strategy can be mapped across various levels (corporate and specific business units)
- Strategy becomes integrated across the firm
- Strategy gets aligned to performance ensuring good reporting.
- Creates line of sight in the firm
- The strategic objectives are communicated well
- The value proposition of the company becomes everyone's focus
- Verifies corrective action is taken when needed and ensures consistency in application.

(Hough, 2011)

Kim (2011) citing Bell identifies strategic planning as an analysis of a program functions as per the plan and the ability of the plan to deliver on achieving the goals set by the organisation. The identification of organisational strengths and weaknesses, an evaluation of the program and its components effectiveness are imperative to the process of strategic planning. Kim (2011) citing Berryman identify that there are various processes to evaluate the effectiveness of programs, the approach chosen will depend on the purpose of evaluation, target or program features.

Program effectiveness is generally measured by collective decisions made by stakeholders. Stakeholder involvement in the evaluation process are perceived as limited in subjectivity, however their inclusion provides rich and fundamental information with regards to stakeholder expectations and perceptions on the effectiveness of the programs (Kim, 2011). Strategic evaluation enables the formulation of adequate information systems that grants management the visualization to comprehensively assess relevant and timely data on current performance levels of the chosen strategy.

Whilst using these information managers are biased towards the positive data and divert less attention to weaknesses. When unfavorable information increases displaying potential performance gaps then management are expected to counter this with appropriate response mechanisms to bring performance back on track. It is therefore necessary for management at the different hierarchical levels to establish thresholds that will enable managers to identify positive and negative performance levels, when these set limits are reached it prompts management to respond appropriately to correct this trend. Control types will vary based on the differing qualities to be monitored with reference to set objectives and association with level of importance(Popa et al., 2012).

2.5 Stakeholder value creation

Strategic alignment must create value for all stakeholders. As markets evolve the relations between the various stakeholder groups has an increasing importance. The relative importance between the company, its stakeholders and between the stakeholder groups has become crucial for the success of the company. DarŠKuvienė(2013) citing Freeman reviews the stakeholder theory of organisational management in managing a business with respect to business ethics, morals and values. The argument raised is that there are other parties involved apart from shareholders, whilst they might have differing status in relation to the company the values are an explicit aspect of conducting business (DarŠKuvienė and Bendoraitienė, 2013).

2.5.1 Shareholder value

Deng (2013) citing Shleifer identify that shareholders whom control the business can be incentivised or entrenched. Their stake in internal ownership enables them to benefit from gains from effective business control or initiating value creating business decisions. This initiative stimulates “shared benefits” that are passed onto all shareholders.

Deng (2013) citing Grossman argues that controlling shareholder may also create individual benefit for their own interests. This would also enable them to be insulated for outside disciplines (Deng et al., 2013).

Employees that own a segment of the organisation shares by acquiring them via normal purchase or acquiring them via preferential mechanisms such as discounted purchases are known as employee share ownership. Poulain-Rehm (2013) citing Cady identify that these employees fill a unique position with the corporate governance discussion in the organisation. This relationship is further defined as joining many groups in setting out business strategy and organisational performance. Poulain-Rehm(2013) citing Thveaud argues that control raises queries towards sharing of power. This refers to the level of latitude that the business management have access to. The level of latitude is dependent on their decision making control and the level of power they have (Poulain-Rehm and Lepers, 2013).

Poulain-Rehm(2013) citing Bendixen identify that shareholder interest was traditional awarded precedence in strategic decision making process; however a recent view of stakeholder governance has emerged. This view takes all stakeholder interest into consideration such as the views of customers, suppliers, employees and creditors. Poulain-Rehm (2013) citing Fukukawa awards this changing view to an increase in business ethics and corporate social responsibility. Business has had to focus interest to that of the different contributors in order to build stakeholder relations (Poulain-Rehm and Lepers, 2013).

2.5.2 Management value

Gong (2011) citing Bebchuk argue that current compensation mechanisms used for executives encourages short term profit at the expense of long term gains. Gong (2011) citing Narayanan identify that managers have a shorter term duration than shareholders, which encourages them to sacrifice shareholder value at the expense of short term gain. This is partially motivated by their compensation system. Gong (2011) citing Graham report that management would reject a project although it has a positive net present value if the project would result in compromising financial quarter results. Managers gain higher compensation when they are perceived as having higher ability. This demand encourages managers to select and invest in projects with a short payback which increases their perception of higher ability. This behavior pattern enables higher compensation at their current company whilst increasing their market value. The longer term outlook of the business will be compromised as share prices decreases from a sacrifice of long term profit due to a preference of short term profit.

If the CEO holds a large number of stock options then this could negatively affect the CEO wealth. This highlights the importance of reviewing CEO remuneration and shareholder value over a long term duration (Gong, 2011).

2.5.3 Social value creation

In the current climate the firm has a higher responsibility than merely a mechanism of economic and financial value but also as a social contributor to the environment in which they interact and belong. This interaction goes beyond financial directed and more towards human, physical and communication that generate knowledge, reputation and trust.

Gazzola(2012) citing Kytile and Ruggiedescribe corporate social responsibility as going beyond compliance and philanthropy to resolve economic, social and environmental implications, with an increased focus on stakeholders such as work place, supply chain community and public. Gazzola (2012) citing Siregar and Bachtiar identify that a firm must create social value, in order to sustain economic and financial values. Gazzola(2012) citing Zadek and Tencatidescribe a firm that uses ethically correct procedures focusses on the safety of its employees and the impact of its activities socially whilst gaining the trust of its work force and the market place creates value (Gazzola, 2012). Gazzola(2012) argues that a company must develop sustainability into its strategy, which focuses on meeting the needs of current without compromising the future (Gazzola, 2012).

2.5.4 Customer value

Frown (2011) citing Kambilidentifies a customer value map with three strategies to increasing value and improving the competitive position. The first is decrease price and performance; improve performance and increase price, and improve value without a price increase. Frown (2011) citing Lanningidentifies an interactive, relationship view. The approach is on experiences of the customer whilst doing business with the company in comparison to competitor offerings. In the third approach Frown (2011) citing Anderson focuses a company to identify the benefits it offers to its customers, then review the benefits offered by competitors to customers and to review the benefits that are valued by the customers, this approach is preferred as the customer perception is that their supplier is focused on benefits (Frow and Payne, 2011).

Dixon (2012) argues that exceeding customer needs has been so entrenched in companies that management barely question it merits or risk compliance. Customers want simple, quick solution that would resolve their concerns. Dixon (2012) comments that going beyond customer's expectation has little implication on customer loyalty. Therefore delighting your customer may be a waste of time and energy. Rather than providing all the bells and whistles a firm should reduce the company effort. Employees that interact with customers are frontline employees. These employees are crucial to ensure that customer interaction is good. Companies such as American express whom are quite successful focus on ensuring front line worker reduce customer effort by having the relevant skills, permission and desire (Dixon, 2012).

Strategy canvas which are part of „Blue Ocean” strategy, projects a new value curve which is derived from the four action framework of “Eliminate, Reduce, Raise and create”. The four action framework focuses on value as perceived from the buyer. Improvements to each aspect of the framework enables buyer value creation (Borgianni et al., 2012).

2.5.5 Employee value

Frow (2011) citing Heger identify that value proposition should be considered from the employee perspective in the organisation. Employees compare the value proposition of their company with the offerings of other companies to identify their selection of employment. Frown (2011) citing Bell identify that although remuneration is important for the employee, corporate ethics and brand attractiveness have become important differentiators. Frown (2011) citing Chambers identify that companies should focus on value proposition initiatives to retain talented employees.

Yu and Ramanathan(2013)citing Huselid argue that companies investing in human resource activities that focus on staff selection techniques and incentive linked compensation benefit from higher productivity, lower staff turnover and improvements to business performance from the impact of employee motivation and development (Yu and Ramanathan, 2013). Campebell(2014) citing Kim and Mauborgne argue that employee that is not fully engaged at the work place are in this position because of poor leadership. Their approach focuses on what leaders at different levels must do and not who they must be at the firm; this approach is termed “blue ocean leadership”.

Campbell (2014) citing Sandra Pickering further states that disengaged employees are formed as a result of management not engaging the employees as opposed to the traditional approach of employees not engaging the firm (Campbell et al., 2014). Performance management is the key conduit that links and integrates strategy to employee individual efforts. Managing performance aligns individual efforts to business objectives (Hough, 2011).

Leelien (2012)citing Haungpostulates that communication coupled with trust, vision and culture occupy a significant space in the alignment process (Ken, 2012). Business innovation must prioritise value creation (Borgianni et al., 2012). Rashidirad(2013)argues that in a firm a single competitive strategy does not create superior value. Minoja (2012)citing Goodpasterargue that while managers are aligned tostockholders via a fiducial obligation they still owe other constituencies a moral obligation (Minoja, 2012).

Value is generated through the firm’s ability to align internal possession towards competitive positions. When alignment is reached between dynamic capabilities and competitive strategies then superior value creation is derived for all stakeholders (Rashidirad et al., 2013). Minoja(2012) citing Freeman and Velamuri identify that a firm’s key responsibility and driver of long term survival is stakeholder value creation. Minoja (2011) citing Ghemawatidentify that creating competitive advantage goes hand in hand with creating stakeholder value. Mauboussin(2011) argues that most critics believe that managing for shareholder value is about maximising the organisation sort term stock price, however if shareholder value is well understood then a company would focus on building value. When a company builds value the stock price will respond and reflect that value accordingly (Mauboussin, 2011).

2.6 The global automotive economy

Challenges to the global economy have affected the conference board view on global economic outlook. The volatility and uncertainty presents a high risk environment. Declining oil prices, adjustments to exchange rates in particular the appreciation in dollar, whilst other currencies weaken are some of the economic factors at play. Added to these challenges are geographic instability relating to Russia-Ukraine and Middle East conflicts together with political and economic uncertainty in Euro zoned areas (Board, 2015).

Automotive industry has benefited from strong global demand which has driven sales in certain regions to prerecession conditions, however there is still much uncertainty regarding the future. Unevenness of global markets has been identified one of the most immediate challenges. United States (US) markets are forecasted to maintain strong growth, whilst Europe is featured as much weaker. China commanding the world largest market will slow down, although major original equipment manufacturers (OEMs) are still investing with future growth anticipation driving their decisions (Kakkar A et al., 2015).

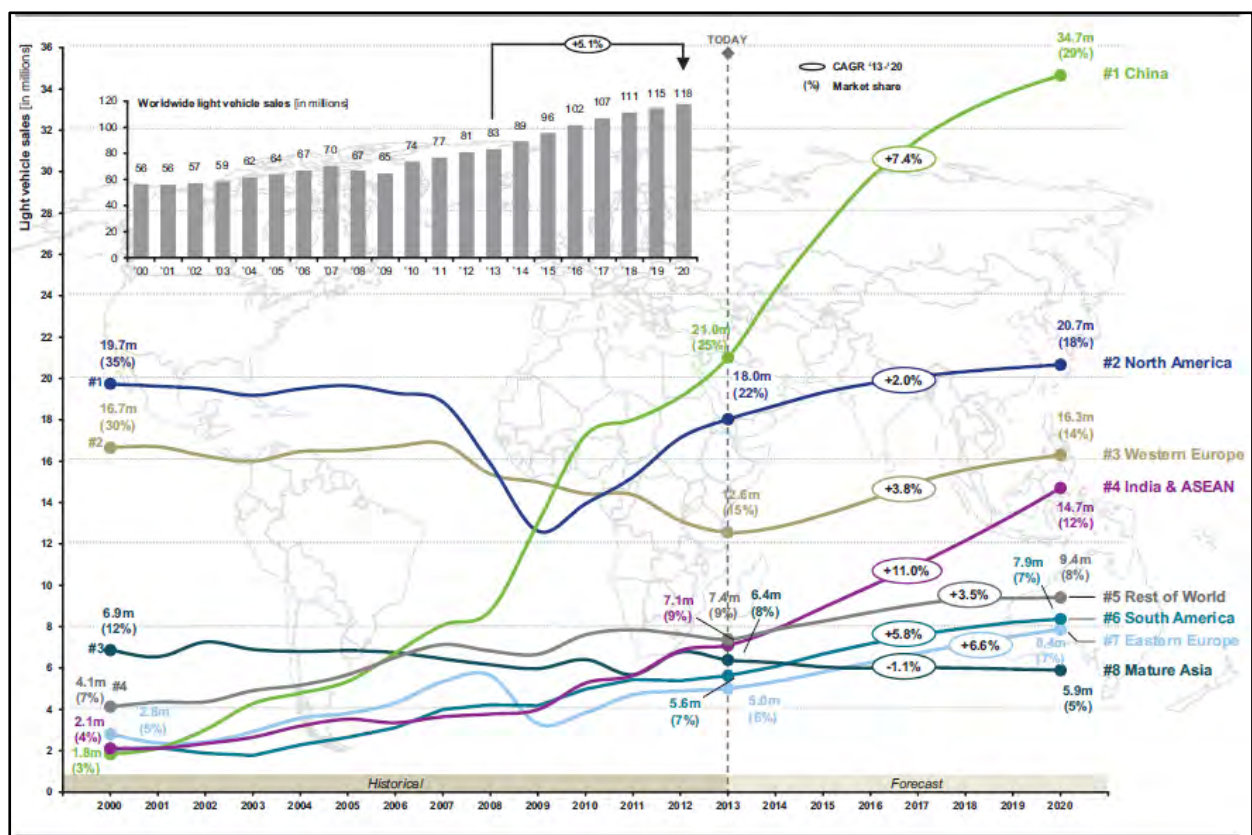


Figure 2.4 Global automotive demand forecast

Source KPMG research & analysis (KPMG, 2013)

Research conducted by KPMG as in figure 2.4 shows that the global automotive demand is set to improve despite the challenging conditions. China will lead the global demand reaching 34.7 million, North America will be second with demand of 20.7 million followed by Western Europe with 16.3 million (KPMG, 2013).

With major uncertainty in the macroeconomic environment the automotive and component manufacture industry will transform over the next 10 years.

OEMs and suppliers must negotiate through these evolutions to build profitability and market share now, whilst positioning themselves to succeed in the future. A shift in consumer demand is one of the key drivers of change. Consumers want sophistication at a lower price and expect high end features to become a standard offering on most vehicles. Higher regulatory requirements are also driving safety feature into vehicle requirements, these add to cost pressures placed on already strained resources of organisations (Kakkar A et al., 2015).

2.6.1 South African automotive industry

South African (SA) automotive industry although insignificant in terms of global volumes is still a significant contributor to SA economy as in table 2.1.

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Global Vehicle Production (Million)	69.33	73.18	70.52	61.7	77.62	79.88	84.19	87.51	89.75
SA Vehicle Production (Million)	0.588	0.535	0.563	0.374	0.472	0.533	0.539	0.546	0.566
SA Share of Global Production	0.85%	0.73%	0.80%	0.61%	0.61%	0.67%	0.64%	0.62%	0.63%

Table 2.1 Adapted from (NAAMSA, 2014)

South African vehicle manufacturing has increased from 2009 through to 2014. This has resulted in a 5.1% increase in employment from 2013 to 2014. Unfortunately during this period there has been no significant increase in growth of SA contribution to global production. The availability and supply of imported components remained strong. The supply of locally manufactured parts to the automotive industry was constrained in areas of plastic components, forgings and chrome badges. Pricing of locally manufactured parts were stable however profitability was under pressure due to price fluctuation of imported components used in the assembly of local parts (NAAMSA, 2014).

2.7 Conclusion

Manufacturers of local components need to navigate their way through the challenges they face to survive in the current climate, to this end they need to generate competitiveness and leverage the resources it has to innovate and provide a distinctive competence that enables differentiation and profitability. An organisation must therefore formulate and articulate a clear strategy outlining the goals and objectives to achieve its future state. It is imperative that the organisation utilise structured modeling tools to adequately scan the environment and industry. A comprehensive evaluation of strengths, weaknesses, opportunities and threats will enable the organisation to visualize how to leverage its strengths to target specific opportunities. Once the organisational trajectory has been established then strategic alignment must be evoked.

Alignment creates fit amongst strategy, organisational structure and system where management at different levels in the organisation must create common understanding of strategy and goals enabling line of sight. A good mix of leading and lagging performance measures articulating the strategy will enable the organisation to evaluate progress towards the set objectives. Understanding what stakeholder's value and thereafter aligning all stakeholder needs to the organisational goals will generate competitive advantage and exceptional value creation. This assessment will evaluate if the organisation is achieving strategic alignment and creating value for their relevant stakeholders.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The preceding chapters motivate for additional research to be conducted on organisational strategic alignment and value creation for stakeholders. Research was conducted in order to find potential solutions in a systematic way whilst in the process increasing the researcher's knowledge. Systematic refers to a logical relationship. Research is a structured process of planning, executing and investigation of answers to specific questions. To ensure research reliability, research is addressed in a systematic process and presented in a manner that can be easily interpreted and believed (Saunders et al., 2003). According to Bryman and Bell (2007) good research would produce reliable, replicable and a valid result conclusion. This chapter expanded on the various research methods utilised in this study as well as the rationale for the methods that have been chosen.

3.2 Research methodology

Business research can be defined as “an organised systematic, data-based, critical, objective, inquiry or investigation into a specific problem” with the intent to establish a solution to the problem. Research provides management with necessary information to facilitate informed decision making which enables management to deal with the problem successfully (Sekran and Bougie, 2013).

- Exploratory study: When there is not enough information available on a specific problem then exploratory research is conducted. This means that there has been no similar problem or research available that has solved a similar concern. In dealing with this type of research condition extensive research needs to be conducted to understand the condition and what is occurring which enables establishing the size of the problem.
- Descriptive study: The intent of a descriptive study is to describe. This type of study is generally used to assist the researcher to understand characteristics of a person or group in a particular situation.

- Causal study: The intent of a causal study is to delineate one or more variables that are responsible for the problem. In causal research the researcher claims that variable X cause's variable Y and by elimination or modification of variable X then the problem associated with variable Y is solved.

(Sekran and Bougie, 2013)

The literature review conducted in chapter two sets the baseline for the empirical research. The research methodology used in this study was that of a descriptive nature that also features within the boundaries of ex facto design; this was due to the researcher having no control over the variables being researched. The participants in this study were requested to express their view towards the variables being tested. The event has already occurred and is being examined in retrospect to establish a causal link (Cohen et al, 2007). This study is also classified as a quantitative study.

3.3 Ethical issues

Herbst and Coldwell (2007) citing Cooper and Schindler argue that ethics comprise standard of behavior and norms that shapes moral choices affecting ones behavior and relationship with others. Ethics attempts to ensure that individual rights are respected and upheld ensuring no harm, suffering or adverse condition is brought to anyone as a result from the research activities conducted (Cohen et al., 2007).

The researcher considered the following ethical issues to assure the participants that their information and contribution would be handled confidentially and anonymously.

3.3.1 Informed consent

The questionnaire requested the participants consent before progressing towards answering the questions in the survey. The participant was made aware that they had the right to withdraw from the survey without any penalty.

3.3.2 Confidentiality

The participants were assured of confidentiality and that their information would be used for the purpose of research.

The information gathered from the questionnaire would be used to generate descriptive statistics to be discussed in the research report only. The research report does not identify any personal.

3.3.3 Anonymity

Anonymity implies that information gathered by the researcher cannot be linked to a individual participant, not even by the researcher. The participants name was not required during completion of the questionnaire. The completed questionnaire was secured with only the statistician and researcher having access. Upon completion of the research report, the researcher would destroy all questionnaires that were completed

3.3.4 Permission to conduct the study

Data collection for this research survey commenced only after receiving an approved gatekeepers letter from the component manufacturing company and ethical clearance from the ethics committee of University of KwaZulu Natal. Appendix III contains the approved gatekeeper's letter and appendix II contains the approved ethical clearance thus allowing permission to conduct the study.

3.3.5 Benefits

The participants were informed that there would be no remuneration offered for participating in the study. The results from the survey could benefit the organisation in correct application of strategic modeling and creating strategic alignment.

3.4 Aim and objectives of the study

The global economic environment has placed enormous pressure on organisations to reevaluate their strategies for competitiveness. Organisations are forced to assess their relevance within the global and local environment with respect to competitiveness and value adds to stakeholders.

Manufacturers of local components need to navigate their way through these challenging conditions to survive in the current climate, to this end they need to generate competitiveness and leverage the resources it has to innovate and provide a distinctive cost advantage that enables sustainability and profitability.

3.4.1 Aim

The aim of this study is to Evaluate Strategic Alignment and Stakeholder Value at a South African Component Manufacturing Company.

3.4.2 Objectives

The objectives of this study are:

- To identify if strategic models were used in establishing strategy.
- An evaluation of alignment or miss alignment with regards to strategy.
- To identify the evaluation techniques used in monitoring performance of strategy.
- An evaluation of stakeholder value generated from achieving alignment.

3.5 Constraints

The time period allocated which was four months to complete the study was identified as the main constraint. This influenced the selected target population, the research type and research instruments that were used to collect the data and ensure analysis within the selected time frame.

3.6 Sampling

Sampling is the process of selecting the right representation of the population selecting individuals, objects or events to adequately represent the population (Sekran and Bougie, 2013). Cohen (2007) argues that an inappropriate sampling plan or strategy can compromise the research results which often leads to research failure (Cohen et al., 2007).

Due to the large sizes of a population, surveying everyone in a population would be impossible, too expensive and demand significant amount of time and resource therefore sampling is used to mitigate this (Sekran and Bougie, 2013).

3.7 Population

A population constitutes a large collection of individuals or objects that is the focus of the scientific study. Population refers to the entire group or objects with a common interest or characteristic that the researcher wants to analyse. Based on the sample statistics from the individuals or objects in the population the researcher can make inferences on the entire population (Sekran and Bougie, 2013).

The target population for this study is employees in a leadership position within different hierarchical levels in a component manufacturing company as they would easily relate to the research material. The company was based in New Germany and Port Elizabeth. The population targeted for this survey was 108. The company supplies mechanical components to Toyota, General motors and Nissan. From the responses gained from the target population the researcher attempts to draw generalisation and conclusions from the sample.

3.8 Sample

Probability and non-probability sampling techniques are used in sample selection.

3.8.1 Probability sampling

Probability sampling using random selection technique where each unit has an equal opportunity of being selected. Each unit will have similar characteristics and composition of the population. The intent of probability sampling is to reduce the sampling error. The advantage derived from probability sampling is that the findings from the sample can be generalised to the population (Bryman and Bell, 2007).

3.8.2 Nonprobability sampling

Non probability sampling refers to sampling where some units have a high expectancy of being selected than others. It is difficult and not possible to generalise the findings derived from this type of research due to uncertainty of the population sample representation (Bryman and Bell, 2007).

3.8.3 Stratified random sampling

In a total population there may be identifiable elements within the population that may have different outcomes on the variables of interest to the researcher. Stratification involves dividing up the population into groups or strata that are mutually exclusive, relevant and meaningful in the context of this study. Stratified random sampling is achieved when subjects are randomly selected from the stratum (Sekran and Bougie, 2013).

3.8.4 Proportionate and disproportionate stratified random sampling

When the population has been segmented into meaning full stratification, then samples from the individual stratum needs to be selected which can be proportionate or disproportionate. Proportionate sampling involves selecting a set proportion from each of the stratum for example 20% from each stratum. Disproportionate stratified random sampling involves using a disproportionate sample from each stratum which could be more appropriate to represent the study design whilst keeping the total sample the same (Sekran and Bougie, 2013).

This study used disproportionate stratified random sampling, where employees were segregated into strata allocated by the various department specialty, the researcher did not allocate members proportionally all members of the strata were allowed to participate in this study. A sample population of 108 employees was selected from New Germany site and Port Elizabeth site to participate in this research study. The selected group comprised employees from different hierarchical levels in the organisation, this varied from team leaders, administrative, junior management, middle management and senior management allowing the researcher to test for consistency across the hierarchy. The prerequisite for participants to take part in the survey was that all had to consent. The sample population was made up of the following categories as in table 3.1.

No	Category	New Germany site	Port Elizabeth site
1	Senior Management	7	1
2	Middle Management	12	2
3	Junior Management	36	1
4	Administrative	4	1
5	Other (Team leaders and potential leadership)	44	0
	Total	103	5

Table 3.1 Population break down

Desired respondents	108	Percentage Completed
Viewed	106	98%
Started	82	76%
Completed	80	74%

Table 3.2 Population sample response

All participants consented to partaking in this study. A total of 108 participants attempted the survey and 80 completed the survey within the data collection period of 3 weeks as in table 3.2. 98% of respondents viewed the survey, whilst 76% started the survey. Completed participation represents a response rate of 74% of the sample population. The next step required the appropriate selection of data collection methodology.

3.9 Data collection strategies

A questionnaire linked to question pro together with a covering letter was emailed to participants. The researcher then applied a self-administered questionnaire to improve the response rate as the research data collection method for this study.

3.9.1 The benefits of self-administered questionnaire are as follows:

- The researcher can collect all completed questionnaires within a short period of time.
- If respondents have any queries regarding the questions the researcher can clarify immediately.
- The researcher has the opportunity to introduce the topic and encourage the participants to answer openly.
- The researcher can administer the questionnaire to large number of people at the same time, saving time and money.

3.9.2 The disadvantages of self-administered questionnaire are as follows:

- The researcher may introduce an element of bias when clarifying questions to different people.
- Personally administered questionnaire consumes effort and time.
- (Sekran and Bougie, 2013)

Structured interviews were not practical for this survey due to time constraints and population accessibility. Closed-ended questions were considered for this survey. The following considerations were taken into account when formulating the questions:

- Unbiased questions
- The wording structure applied to the measurement tool did not pre-empt the answers to the questions
- The questions focused on the research objectives
- Participants were encouraged to answer all questions
- Participants engaged a positive attitude when partaking in the survey

The most frequently used summated rating scale which is the Likert scale was used to express attitude towards the topic of focus as either favorable or unfavorable.

According to Cooper and Schindler (2006) the Likert scale is the most frequently used rating scale which demonstrates attitude towards the area of interest by expressing either favorable or unfavorable condition.

This survey used the Likert scale to enable participants to express how strong they agreed or disagreed towards the statement being made. A five point rating scale was used. Participants had the option to choose one from four alternatives which ranged from 1 (strongly disagree) to 5 (strongly agree). The Likert scale has advantages in that it is easy to construct, many different statements can be generated which takes little space and enables simplicity for the participants to complete.

Multiple choice questions were also used in the construction of the survey instrument. On completion of the questionnaire structure and selecting the appropriate rating scale, a pilot study was conducted. A total of 25 questions were posed to participants to determine where they believed that strategic alignment was being achieved and creating value for stakeholders.

3.10 Development of the instrument

The intent of the study was to ensure that the objectives of the researcher were achieved. The compilation of the questionnaire was structured to ensure that each research objective was adequately addressed and the data could be systematically gathered to analyse each of the objectives. The questionnaire was designed to be clear and user friendly enabling ease of use for the participant.

The questionnaire was separated to cover two sections. Section one cover general information on the demographic profile of the respondents and section two focused on the objectives in the study which reviewed respondent's view of strategic alignment in the company and stakeholder value creation.

The research questionnaire was structured with closed ended questions only, which were constructed using numerical ranking scale only. Each question was close ended with the respondent being allowed only one option. The respondent would answer by ticking the chosen option on the self-administered question for easy interpretation.

3.11 Pretesting and validation

Once an instrument has been developed, it is necessary to ensure that the instrument is accurately measuring the variables of the particular concept that was set out to be measured.

This is enabled by conducting an item analysis, which assesses whether the items used in the instrument are suitable to be there or not. A reliability analysis is carried out to verify the consistency of the measuring instrument in measuring the variables. A validity analysis is then carried out to analyse how efficient the instrument is in measuring the particular variable it intended to measure (Sekran and Bougie, 2013).

The survey was tested amongst five colleagues for content validity, structure and easy of interpretation and completion. Feedback received from the pilot study required minor modifications to the survey instrument.

The various options used in the final questions were modified to improve validity. Participants confirmed that completing the questionnaire took 10 minutes.

The questionnaire was administered using web based online software called Question Pro, which was thereafter followed by an explanatory e-mail. The e-mail contained a URL link to the questionnaire. This e-mail was sent to the targeted employees in the company. This method was selected as it offered a convenient method to access the target population. Printed copies of the questionnaire were also administered to the target population that did not have access to e-mail. Their responses were entered into question pro.

After a week, a friendly reminder was sent to all participants to encourage completion. Question Pro has a progress report which enabled the researcher to monitor the participants responses.

3.12 Analysis of the data

Once data has been collected using the questionnaire, the data must be prepared for analysis.

This requires the following:

- Data coding and data entering into Question Pro and SPSS
- Data editing requires blank responses to be managed and inconsistent data as in illogical responses in the form of outlier to be evaluated.

(Sekran and Bougie, 2013)

Statistical Package for Social Science (SPSS) was used to analyse all data collected in Question Pro from the questionnaire that was administered. SPSS is a software package used for descriptive and inferential data analysis.

3.13 Reliability

Reliability is defined as the level at which the measuring instrument is consistent in measuring the concept. The measuring instrument must be consistent to ensure that it can be termed reliable. Reliability can be verified with the test-retest method (Bryman and Bell, 2007).

Internal consistency enables a high degree of generalisation across the items in the measurement instrument. Cronbach's coefficient alpha provides a measure of internal reliability (Welman; et al., 2007). To test the reliability of the research instrument used to conduct the survey in this research study the Cronbach's coefficient alpha test was used. This allowed the researcher to assess the level of reliability that the chosen instrument provided.

3.14 Validity

Validity refers to the level of accuracy that the research finding depicts what is really occurring in the situation being measured (Welman; et al., 2007). Validity of the research instrument refers to the level of certainty that the measuring instrument is indeed measuring the concept that the researcher intended to measure.

Validity can be achieved by applying the following validity tests.

- Content Validity enables the measuring instrument to delineate the concept adequately.
- Criterion Related validity refers to the extent to which the selection measurement accurately forecasts the criterion.
- Construct Validity refers to the extent at which the results gathered from the measuring instrument correlates to research around which the test was formulated. (Sekran and Bougie, 2013).

Content validity was conducted in this survey. Screened for criterion validity was not conducted, whilst construct validity was carried out in this study.

Data analysis can be categorized as inferential or descriptive statistics:

3.15 Descriptive statistics

Descriptive statistics enables the researcher to analyse and summarize data in a meaningful method that allows patterns to emerge from the data being analyzed. Welman, Kruger and Mitchel define descriptive statistics as describing or summarizing data that has been gathered for a group of objects for analysis (Welman; et al., 2007).

Descriptive statistics intends to describe key characteristics summarized by the data set (Menter et al., 2011).

3.15.1 This study uses the following descriptive statistic:

- Percentages: Percentages are used to describe the difference in respondents view on the various questions used to answer the research objectives in the survey.
- Frequencies: Frequencies represent the number of times that certain variables occur. Percentages and cumulative percentages can then be calculated for the variable (Sekran and Bougie, 2013). Frequency is used as method to express variation.

3.16 Inferential statistics

Inferential statistics are concerned with inferences that are made about the population with regards to information gathered from samples from of the population (Welman; et al., 2007). Inferential statistics enables conclusions to be drawn, predictions to be made and decisions to be formulated on the population based on information gathered from the sample population.

3.17 Summary

This chapter described the methodology applied, the aim and objective of this research study. A description of the sampling design, research instrument, the data collection strategy employed and statistical techniques employed in the analysis of this study.

The research instrument that was applied in this study was established as reliable, therefore allowing meaningful information gathering on the research objectives as outlined in this study. The following chapter will present the results obtained from the completed questionnaires, in line with the chosen research methodology.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter follows from research methodology with data that has been collected from respondents of the questionnaire which was administered to the various levels in the organisation. The data was collected in compliance to chapter three. One hundred and eight subjects were considered in the study of which eighty responded resulting in seventy four percent completion rate. The data analysis focuses on determination of patterns on how the participants responded. Patterns identified are discussed in the paragraphs that followed.

4.2 Data treatment

Raw data captured on Question Pro, was extracted and imported to SPSS to enable further data analysis. Data was reviewed for errors and only complete data was used in the data analysis. The data analysis results were presented in the forms of graphs and tables. Percentages that are used have been rounded up using no decimal points in the results presentation.

4.3 Reliability of questionnaire

Cronbach's Coefficient Alpha was used to evaluate the reliability of the questionnaire. As the value of Cronbach coefficient alpha approaches 1 the construct or questionnaire is said to increase in reliability. Yu and Ramanathan citing Nunnally(2013) identify that an alpha coefficient of greater than 0.6 would be generally viewed as acceptable for an empirical study of this nature (Yu and Ramanathan, 2013).

Cronbach's Alpha test showed that the questionnaire alpha value was 0.804 as in Table 4.1. A value 0.804 indicates that the questionnaire was reliable and data could therefore be used confidently to interpretation and analysis.

Reliability Statistics	
Cronbach's Alpha	N of Items
.804	19

Table 4.1: Reliability test output

4.3.1 Demographic profile of respondents

Participants' socio-demographic information's are shown in Table 4.2. It was found that majority of the participants were male (78%). With regards to race, Indian respondents were 42% followed by Black (35%). Results also highlighted that majority of the participants were working less than 10 years (76%), and 16% were working as middle manager or higher (Table 4.2).

Variables	Frequency	Percentage
Gender		
Male	61	78.21%
Female	17	21.79%
Race		
White	11	13.92%
Black	28	35.44%
Indian	33	41.77%
Coloured	7	8.86%
Age		
19-24	6	7.69%
25-34	24	30.77%
35-44	32	41.03%
45-54	12	15.38%
55 and older	4	5.13%
How long have you been employed in your current organisation?		
< 5 years	50	62.50%
5 to 9 years	11	13.75%
10 to 14 years	11	13.75%
15 to 19 years	4	5.00%
20 years and over	4	5.00%

At what level of the organization are you employed?		
Administrative	4	5.00%
Supervisory	7	8.75%
Technical	18	22.50%
Middle Management	5	6.25%
Senior Management	8	10.00%
Other	38	47.50%

Table 4.2: Distribution of socio-demographic information of the participants

Participants' socio-demographic information as identified in Table 4.2 indicated that males (78%) made up majority of respondents, as compared to female (22%). The respondents comprised Indians the most (42%), followed by Blacks (35%), then whites (14%) and Coloureds (9%) as noted in table 4.2. The most common age for respondents was age between 35 and 44 years (41%) followed by age between 25 and 34 years (31%). Age between 45 to 54 (15%) was third followed by age between 19 to 24 (8%). Age 55 and older featured last with 5% of respondents as per table 4.2. Reviewing the number of years that respondents were employed by the company, it is evident from table 4.2 that majority of employee are less than 5 years (62%), followed by between 5 to 9 years and 10 to 14 years both with 14% respectively. 5 % of employees served between 15 to 19 years and 5% applied to employees serving 20 years and over. The respondents were 48% other followed by 22% technical staff, 10% senior management, 9% supervisory staff, 6% middle management and 5% administrative staff. These levels of employment makes them suitably qualified to comment on business strategic alignment.

4.4 Objective one: Identify if strategic models were used in establishing strategy

According to Mangram(2013) strategic planning articulates a company's strategic direction and the resources that are needed to realise the chosen strategy. In order for a company to define its strategy, it is important for the company to understand the environment which it is operating in. A comprehensive understanding of the company itself is also relevant for strategy formulation. Strategic models are often used by companies to understand the environment and business itself (Mangram, 2013).

There were four Likert types statements (1 = Strongly disagree, 5 = Strongly agree) were asked to investigate if strategic models were used in the company.

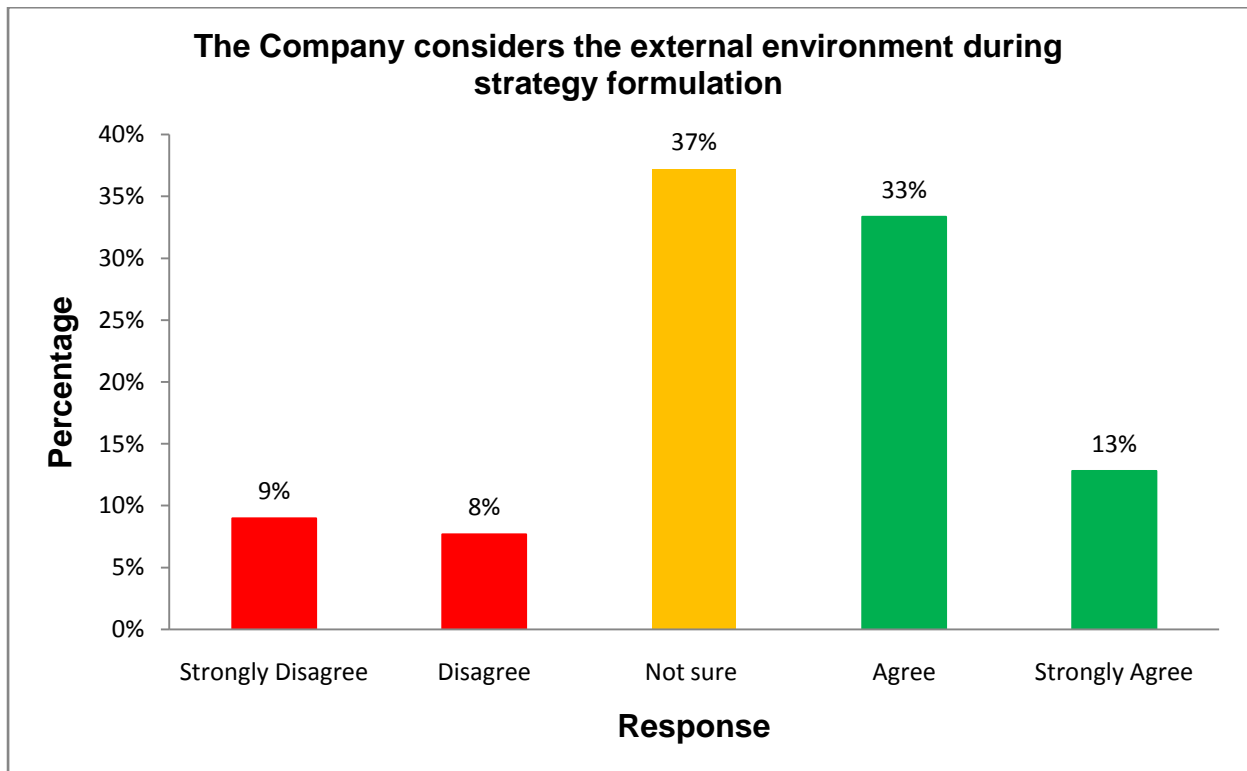


Figure 4.1: The Company considers the external environment during strategy formulation

It is evident from Figure 4.1 that 46% of respondents agreed, whilst 37% were unsure and 17% disagreed with the statement that the company considered the external environment during strategy formulation. Most respondents agree that the company considers external environment during strategy formulation. Everet (2014) postulates that a company should consider the external environment for correct market sensing evaluation.

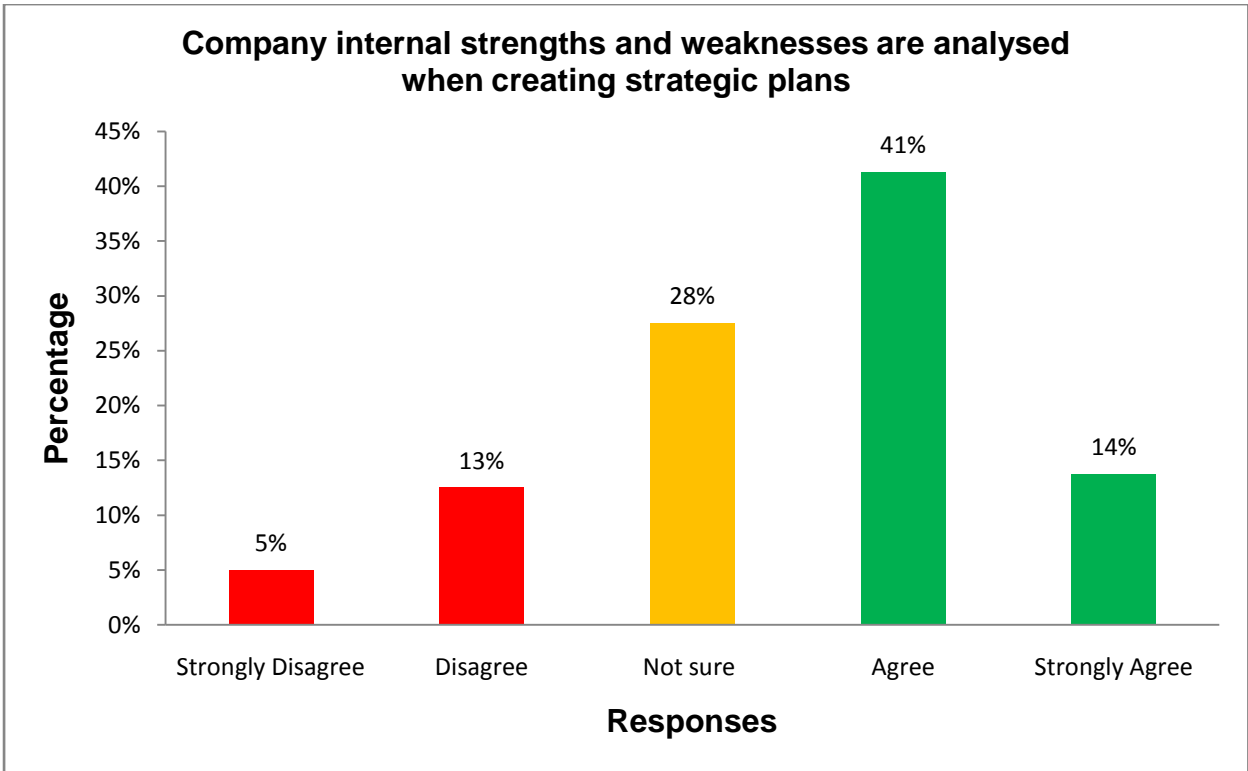


Figure 4.2: Company internal strengths and weaknesses are analysed when creating strategic plans

The results from Figure 4.2 identify that most participants (55%) agree that the company considers internal strengths and weaknesses when creating strategic plans. 28% of respondents were unsure whilst 18% disagreed with the statement.

A company should consider strengths, weaknesses, opportunities and threats to identify what the organisations capabilities are and how they would position themselves to respond to market information (Everett, 2014).

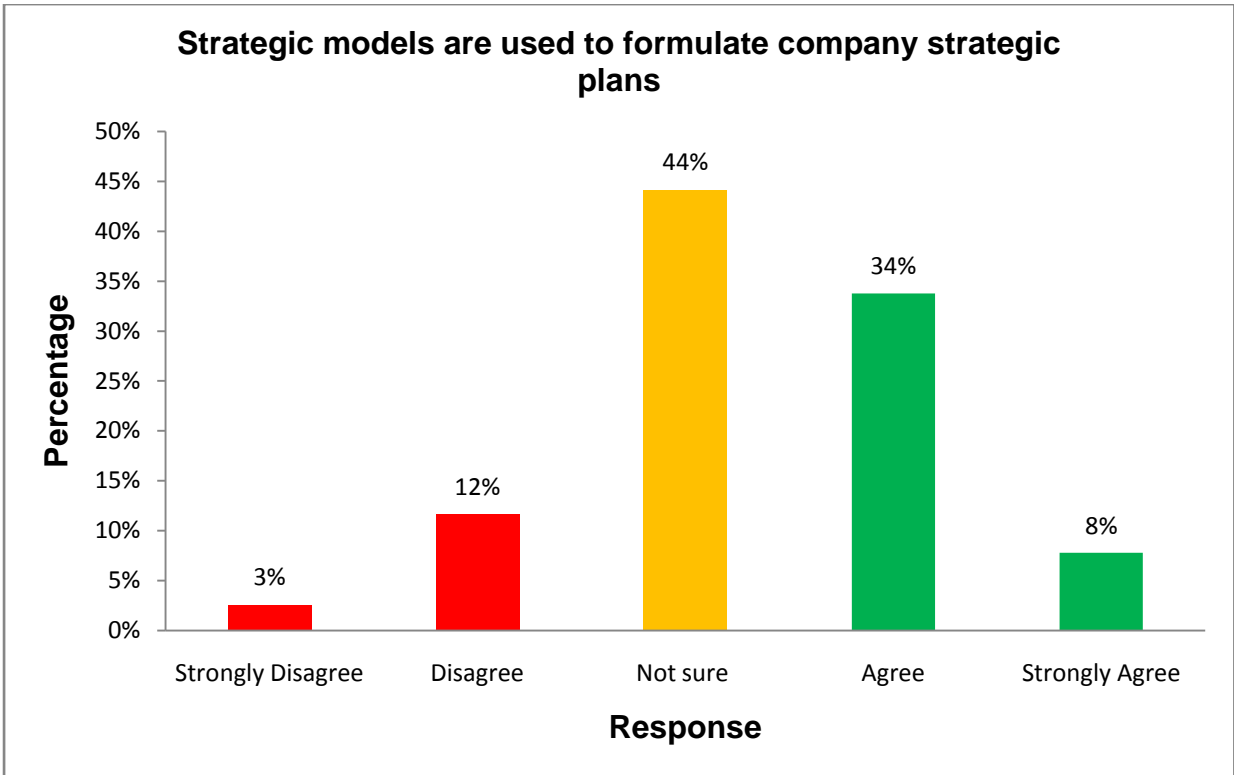


Figure 4.3: Strategic models are used to formulate company strategic plans (Porters generic forces, PESTEL analysis)

The results from figure 4.3 identify that most respondents (44%) were unsure if the company used strategic models for strategy formulation. 42% of respondents agreed that the company used strategic models whilst 15% disagreed that the company.

Ward citing Porter (2006) identified that porters five forces model enabled companies simultaneously evaluate the industry it was competing in and in the same process evaluate its competitors, this allowed them to develop and implement a competitive strategy (Ward, 2006).

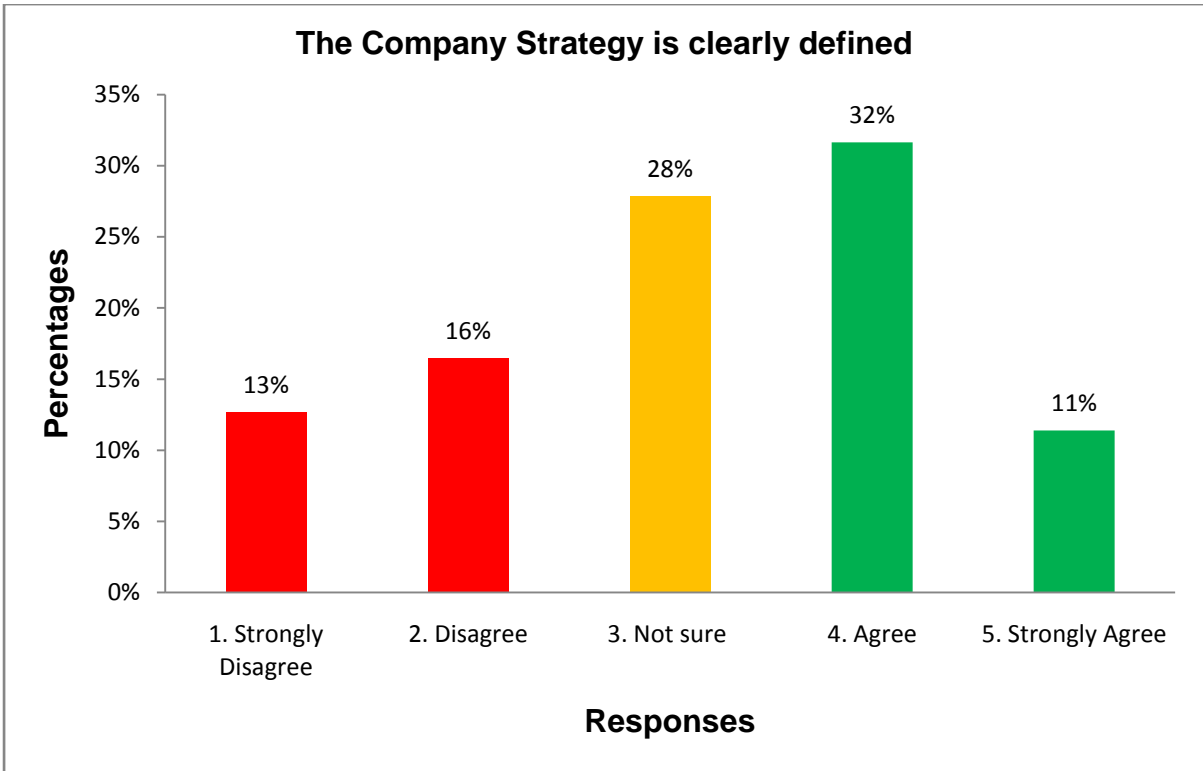


Figure 4.4: The company strategy is clearly defined

It is evident from Figure 4.4 that 43% of respondents agree with the statement that the company strategy is clearly defined i.e. Low cost, broad differentiation, best cost, focused differentiation or focused low cost strategy. 28% of respondents were unsure if the company strategy is clearly defines whilst 29% disagreed with the statement.

Baroto (2012) quoting Porter identified that a company should have a clearly defined strategy. Each of the generic strategies has a unique way of creating sustainable competitive advantage. There is substantial evidence of companies achieving successful results from following a distinctive strategy. Wal-Mart and Air Asia are examples of companies that have applied a single strategy of cost leadership successfully (Baroto et al., 2012).

Statement	SD	D	N	A	SA	Mean	St.Dev.
The Company considers the external environment (i.e. competitors, suppliers, customers) during strategy formulation.	8.97%	7.69%	37.18%	33.33%	12.82%	3.33	1.09
Company internal strengths and weaknesses are analysed when creating strategic plans.	5.00%	12.50%	27.50%	41.25%	13.75%	3.46	1.04
Strategic models are used to formulate company strategic plans (Porters generic forces, PESTEL analysis)	2.60%	11.69%	44.16%	33.77%	7.79%	3.32	0.88
The Company Strategy is clearly defined i.e. Low cost, broad differentiation, best cost, focused differentiation or focused low cost strategy.	12.66%	16.46%	27.85%	31.65%	11.39%	3.13	1.20

*SD = Strongly Disagree, D = Disagree, N= Not sure, A = Agree, SA = Strongly Agree, St.Dev. = Standard deviation

Table 4.3: Strategic models used in establishing strategy*

The average score more than three (03) indicated that more participants agreed to the statements. Results had shown that all the four statements had average score of 3.13 or more. For example, more than half of the participants (55%) agreed that company internal strengths and weaknesses are analysed when creating strategic plans with a mean score of 3.46. similarly, 46% positively reported that the Companyconsiders the external environment (i.e. competitors, suppliers, customers) during strategy formulation (Table 4.3).

4.5 Objective two: An evaluation of alignment or miss alignment

Wilson (2012) purports that organisations must provide a clear message regarding their strategy and direction. This is generally manifested in a company's mission and vision which is then articulated in their strategic planning documentation. This information is then reinforced in a top down approach with performance objectives in an effort to communicate and align the efforts of business (Wilson, 2012).

There were six Likert types statements (1 = Strongly disagree, 5 = Strongly agree) that were asked to identify the impact of alignment or miss alignment.

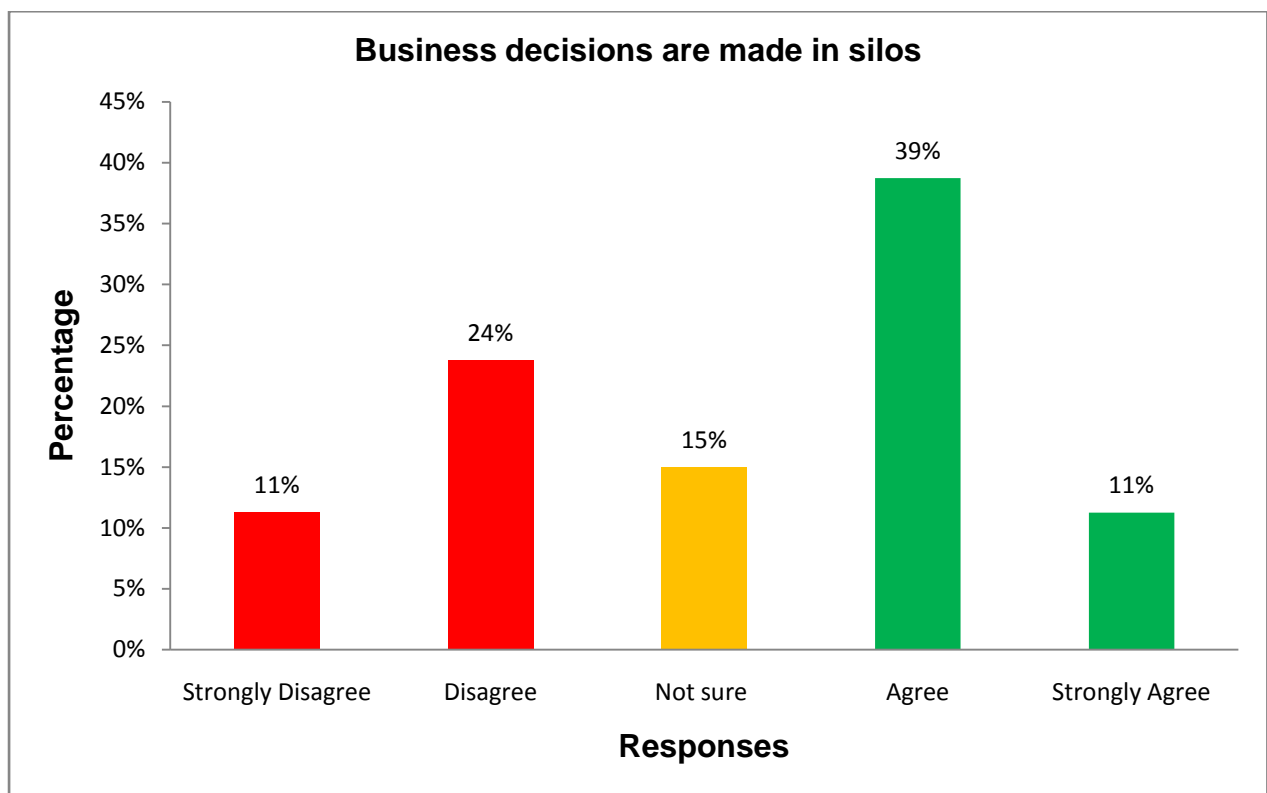


Figure 4.5: Business decisions are made in silos (the influence on others / other departments are not considered)

It is evident from figure 4.5 that 50% of respondents agreed with the statement that business decisions are made in silos (the influence on others / other departments are not considered). 35% of respondents disagreed with the statement whilst 15% were unsure.

Stephonson citing Guttman(2012) argue that one of the key reasons that poor decision making occurs is due to misalignment caused by management operating in silos.

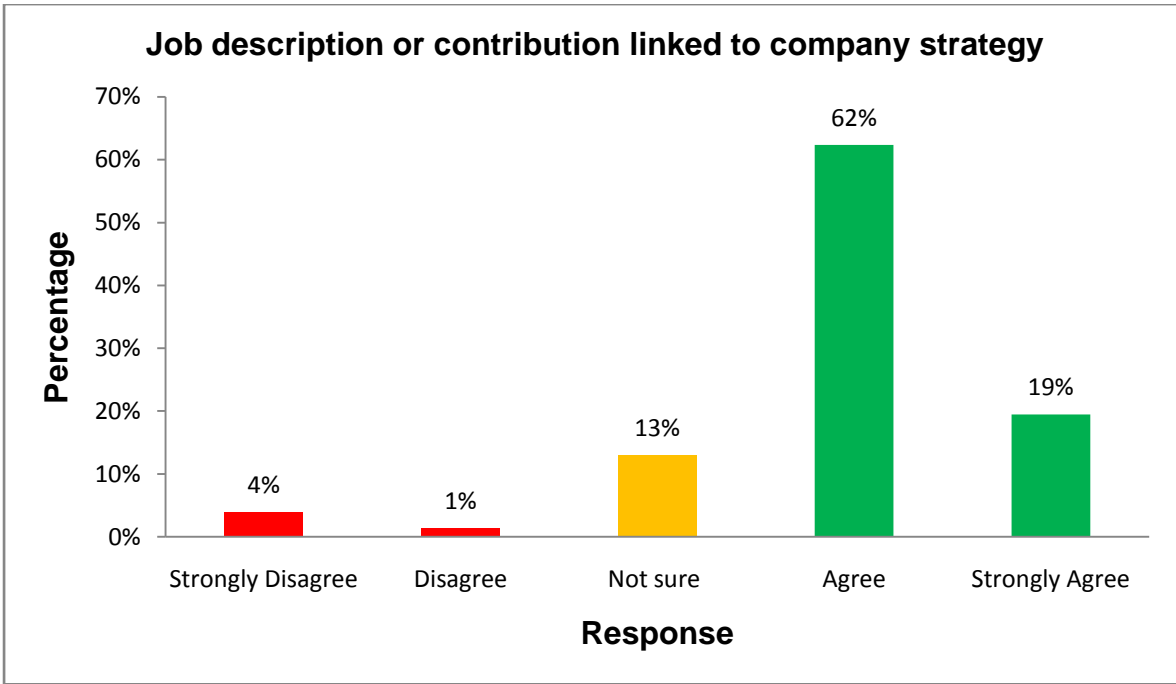


Figure 4.6: Job descriptions or contribution linked to company strategy

It is evident from Figure 4.6 that 81% of participants agree with the statement that their job description or contribution can be linked to the company strategic objectives, whilst 13% were unsure and 5% disagreed with the statement.

Wilson (2012) argues that an engaged employee feels purpose when his work is valued and is contributing to the purpose of the organisation.

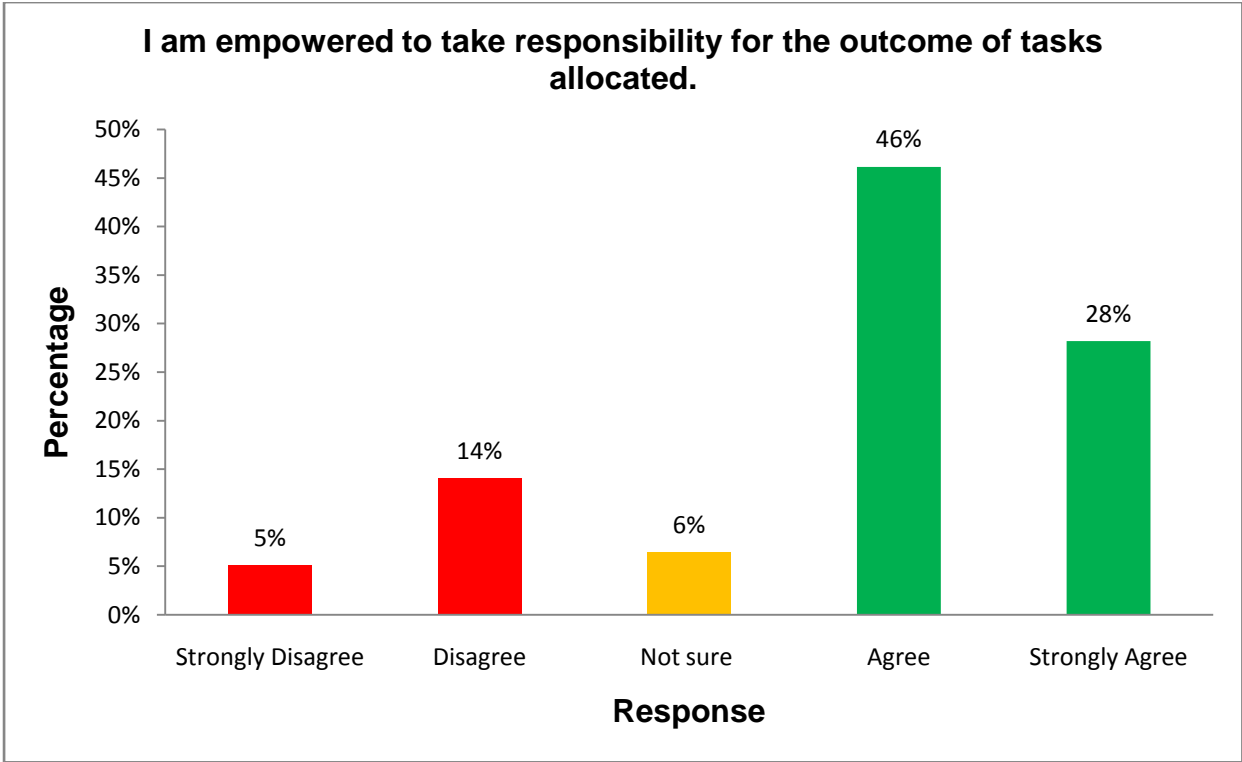


Figure 4.7: I am empowered to take responsibility for the outcome of tasks allocated

The results indicated in Figure 4.7 identify that majority (74%) of respondents agree that they are empowered to take responsibility for outcome of tasks allocated, whilst 19% disagreed and 6% were unsure.

Jorfi citing Davis (2011) identify that strategic alignment enables employees and management to become intrinsically motivated generating a feeling of empowerment allowing them to take responsibility for outcomes of task.

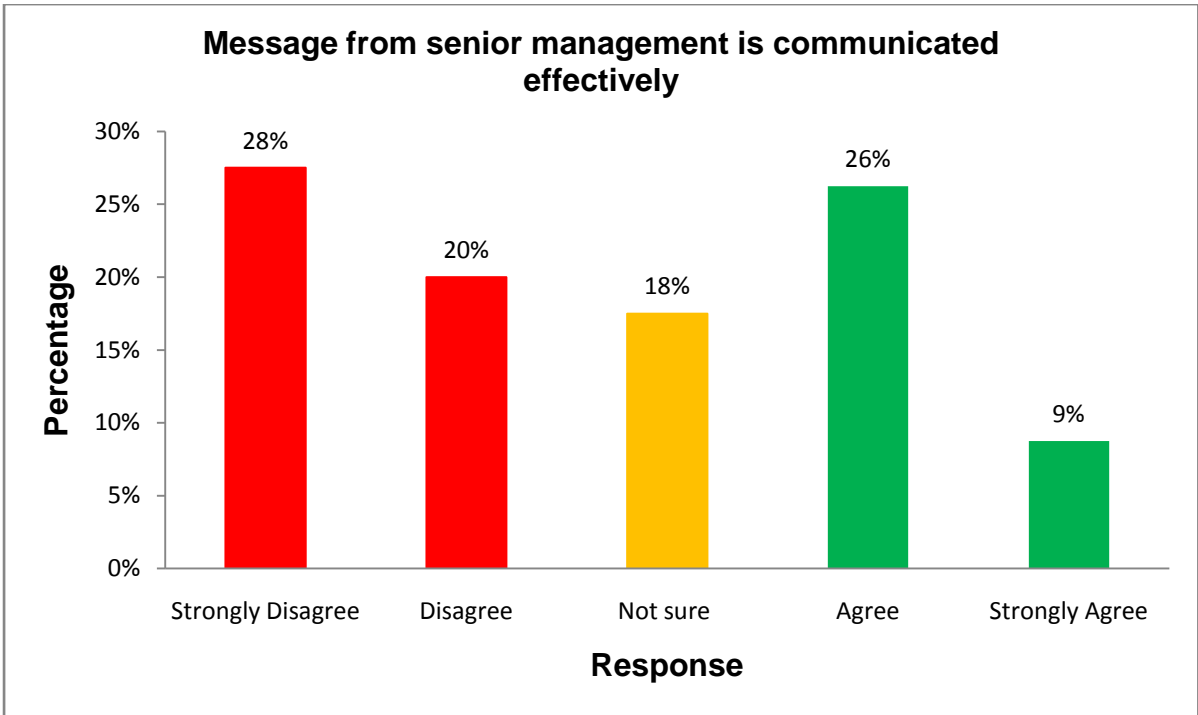


Figure 4.8: Message from senior management is communicated effectively

It is evident from Figure 4.8 that 48% of respondents disagree with the statement that the message from senior management is communicated effectively to lower levels in the organisation. 35% agree with the statement whilst 18% are unsure.

Myler(2012) argues that a well-crafted strategy drops in success rates due to misalignment which is caused by the message from the top of the organisation losing coherence as it cascades it way to the various levels in the organisation.

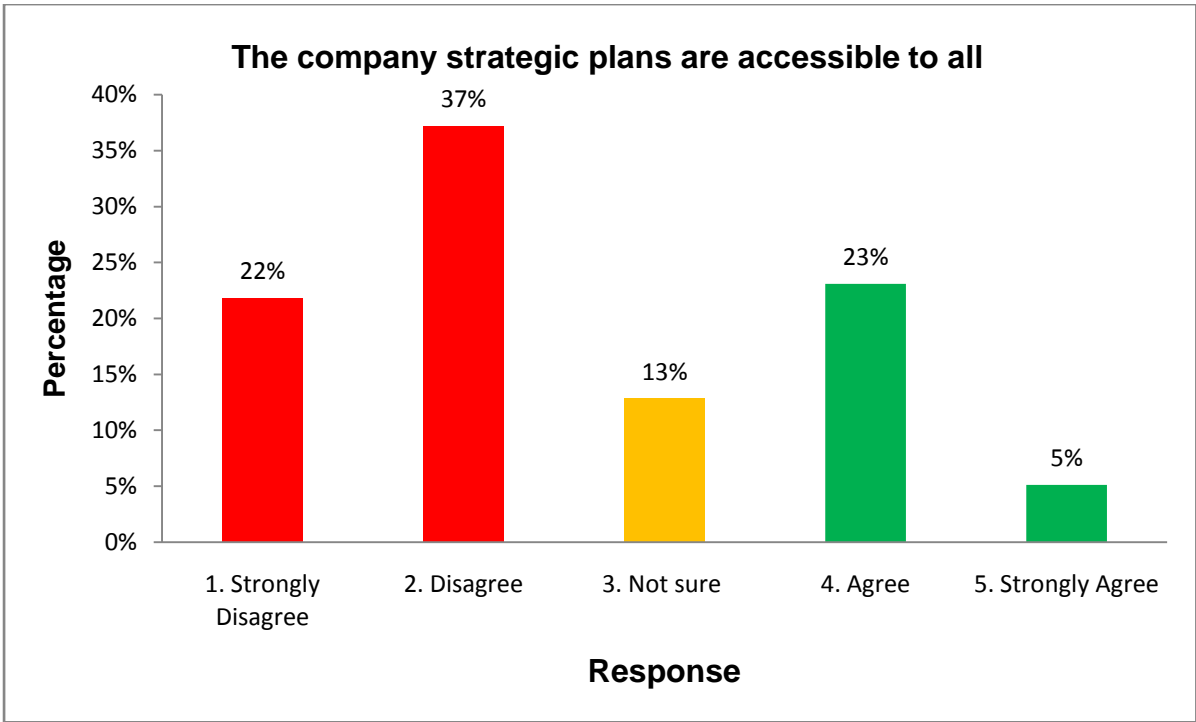


Figure 4.9: The company strategic plans are accessible to all

The results from Figure 4.9 show that majority of respondents (59%) disagree with the statement that the company strategic plans are accessible to all. 28% agree with the statement whilst 13% are unsure.

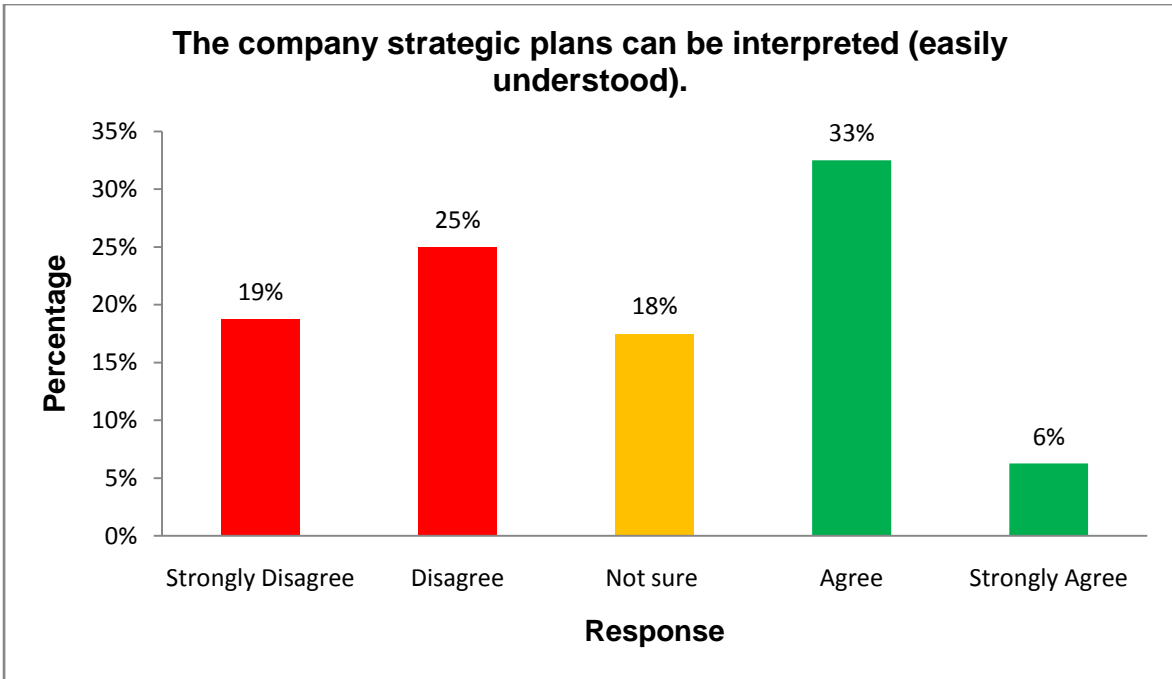


Figure 4.10: The company strategic plans can be interpreted (easily understood).

It is evident from Figure 4.10 that 44% of respondents disagree with the statement that the company strategic plans can be easily interpreted. 39% agree with the statement whilst 18% were unsure.

Melyer(2012) argues that one of the reasons for misalignment is that strategic plans are too complex for it to be comprehended by all. Executives make the key mistaking in assuming that all other staff will interpret the plan because the senior management understand the plan well (Myler, 2012).

Statement	SD	D	N	A	SA	Mean	St.Dev.
Business decisions are made in silos (the influence on others / other departments are not considered)	11.25%	23.75%	15.00%	38.75%	11.25%	3.15	1.23
I can link my job description or contribution to achieving the company strategic objectives.	3.90%	1.30%	12.99%	62.34%	19.48%	3.92	0.85
I am empowered to take responsibility for the outcome of tasks allocated.	5.13%	14.10%	6.41%	46.15%	28.21%	3.78	1.16
The message from senior management is communicated effectively to lower levels in the organisation.	27.50%	20.00%	17.50%	26.25%	8.75%	2.69	1.36
The company strategic plans are accessible to all.	21.79%	37.18%	12.82%	23.08%	5.13%	2.53	1.21
The company strategic plans can be interpreted (easily understood).	18.75%	25.00%	17.50%	32.50%	6.25%	2.83	1.25

*SD = Strongly Disagree, D = Disagree, N= Not sure, A = Agree, SA = Strongly Agree, St.Dev. = Standard Deviation

Table 4.4: The impact of alignment or miss alignment

The distribution of statements regarding alignment or miss alignment is shown in table 4.4. In the evaluation of the statements, it was found that majority of the participants agreed with the following statements: I can link my job description or contribution to achieving the company strategic objectives (82%) and I am empowered to take responsibility for the outcome of tasks allocated (74%). On the other hand, 59% disagreed that the company strategic plans are accessible to all, and 47.5% negatively indicated that the message from senior management is communicated effectively to lower levels in the organisation (Table 4.4).

4.6 Objective three: Identify the evaluation techniques used to monitor performance of strategy

Ming-Hong citing Kaplan and Norton (2011) postulates that the balanced score card is utilized by organisations as a comprehensive tool for business performance measurements which comprises financial and non-financial measures. The balanced score card provides a mechanism for organisations to monitor achievement towards mission and vision with a holistic view of occurrences inside and outside the organisation (Ming-Horng, 2011). To identify the evaluation techniques used by the company to monitor performance to strategy, there were four Likert type statements asked to the participants.

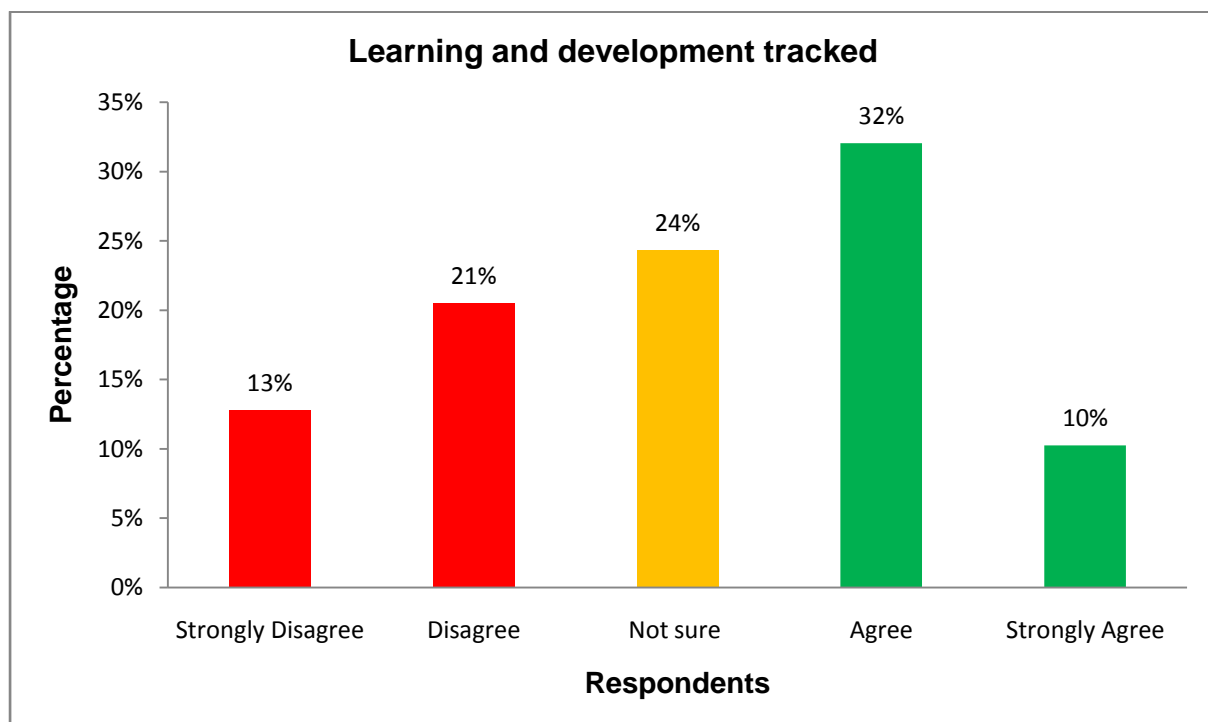


Figure 4.11: Learning and development tracked

It is evident from Figure 4.11 that 42% of respondents agree that Learning and development is tracked (number of new product developments or development of people), whilst 34% disagreed and 24% were unsure.

Alrafadi(2011) argues that the competition is constantly evolving which places pressure on the organisation. The organisations should identify new product development and learning as a key imperative to sustain competitiveness (Alrafadi and Md-Yusuf, 2011).

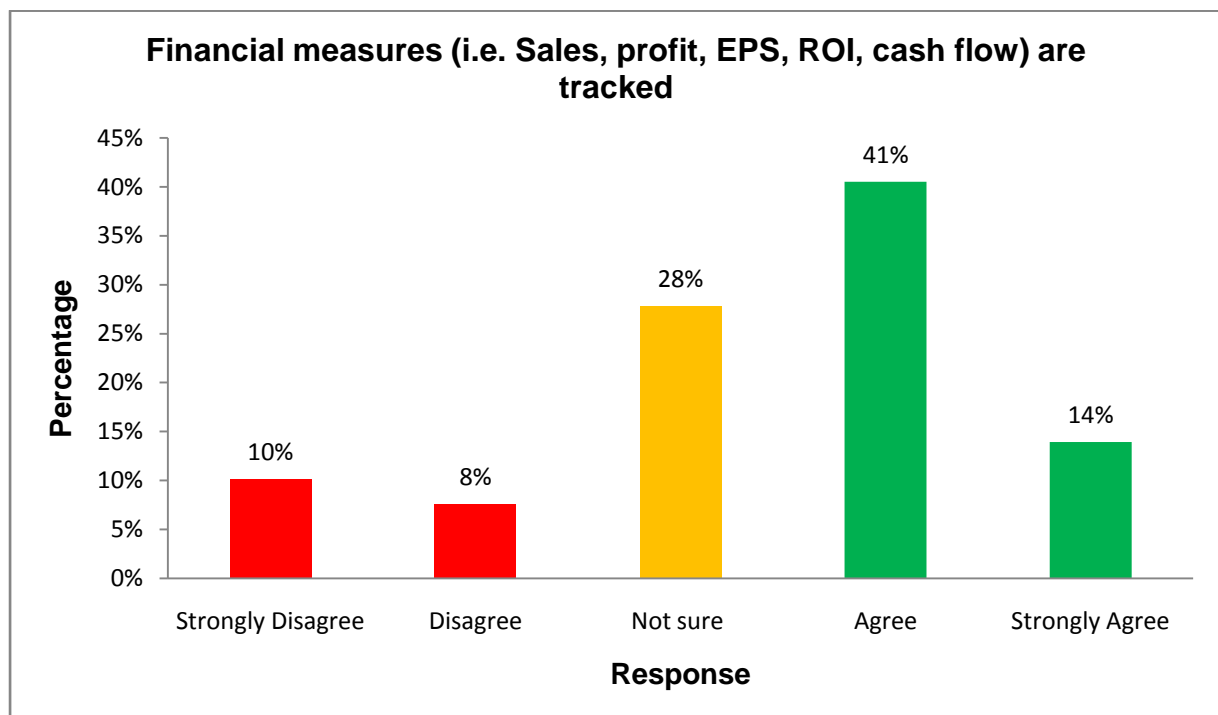


Figure 4.12: Financial measures (i.e. Sales, profit, EPS, ROI, cash flow) are tracked

The results from Figure 4.12 show that 55% of respondents agree that financial measurements are tracked, whilst 28% were unsure and 18% disagreed with the statement.

Ming-Horng (2011) argues that the financial evaluation mechanism provides an opportunity for investor to view the performance of the organisation. This measurement tracks how the organisation converts operational performance into financial outcome (Ming-Horng, 2011).

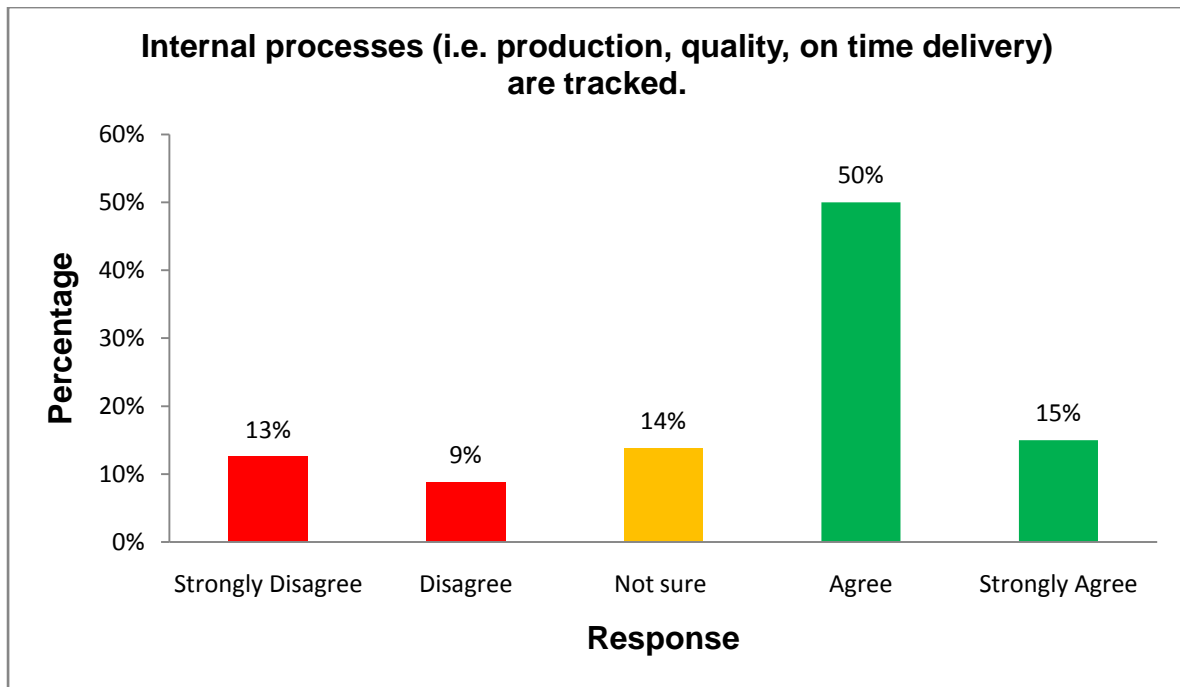


Figure 4.13: Internal processes (i.e. production, quality, on time delivery) are tracked

It is evident from Figure 4.13 that 65% of respondents agree that internal processes of production, quality or on time delivery are tracked, whilst 21% of respondents disagreed with this statement and 14% were unsure of the tracking mechanisms.

Alrafadi(2011) postulates that measurements from an internal perspective provide insight into operational performance. Organisation that monitors its internal performance enables them to improve on organisational operational performance (Alrafadi and Md-Yusuf, 2011).

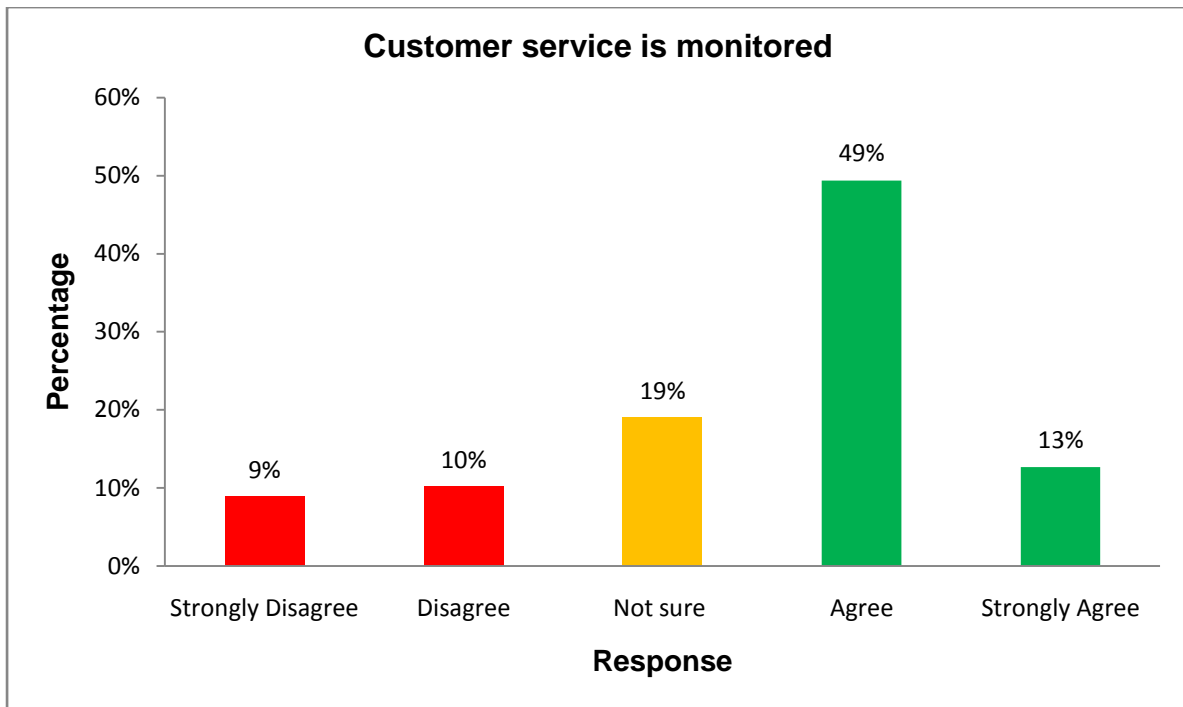


Figure 4.14: Customer service is monitored (customer complaints, customer feedback on company performance i.e. delivery and quality)

It is evident from Figure 4.14 that 62% of respondents agree with the statement that Customer service is monitored (customer complaints, customer feedback on company performance i.e. delivery and quality), whilst 19% of respondents are unsure and 19% disagree.

Customer measurements enable the organisation to reflect on performance relative to meeting customer needs. Organisations strive for excellence in these categories to maintain client satisfaction (Cardoso Vieira Machado, 2013).

Statement	SD	D	N	A	SA	Mean	St.Dev.
Learning and development is tracked (number of new product developments or development of people)	12.82%	20.51%	24.36%	32.05%	10.26%	3.06	1.21
Financial measures (i.e. Sales, profit, EPS, ROI, cash flow) are tracked	10.13%	7.59%	27.85%	40.51%	13.92%	3.41	1.14
Internal processes (i.e. production, quality, on time delivery) are tracked.	12.50%	8.75%	13.75%	50.00%	15.00%	3.46	1.22
Customer service is monitored (customer complaints, customer feedback on company performance ie delivery and quality).	8.86%	10.13%	18.99%	49.37%	12.66%	3.47	1.12

*SD = Strongly Disagree, D = Disagree, N= Not sure, A = Agree, SA = Strongly Agree, St.Dev. = Standard Deviation

Table 4.5: The evaluation techniques used by the company to monitor performance to strategy

Results in table 4.5 show that more participants positively answered all the statements as the average value for all the statements were more than 3.06. For example, 62% of the participants agreed that customer service is monitored (customer complaints, customer feedback on company performance ie delivery and quality), whereas 65% agreed that internal processes (i.e. production, quality, on time delivery) are tracked. 55% of participants agreed that Financial measures (i.e. Sales, profit, EPS, ROI, cash flow) are tracked and 42% agreed that Learning and development is tracked (number of new product developments or development of people).

4.7 Objective four: An evaluation of stakeholder value generated from achieving alignment

Strategic alignment must facilitate value creation for all stakeholders. Managing relations between the company, its stakeholders and between the stakeholder groups has become crucial for organisational success. To determine stakeholder value generated from achieving alignment, the researcher posed five statements to the participants where all the statements were Likert type.

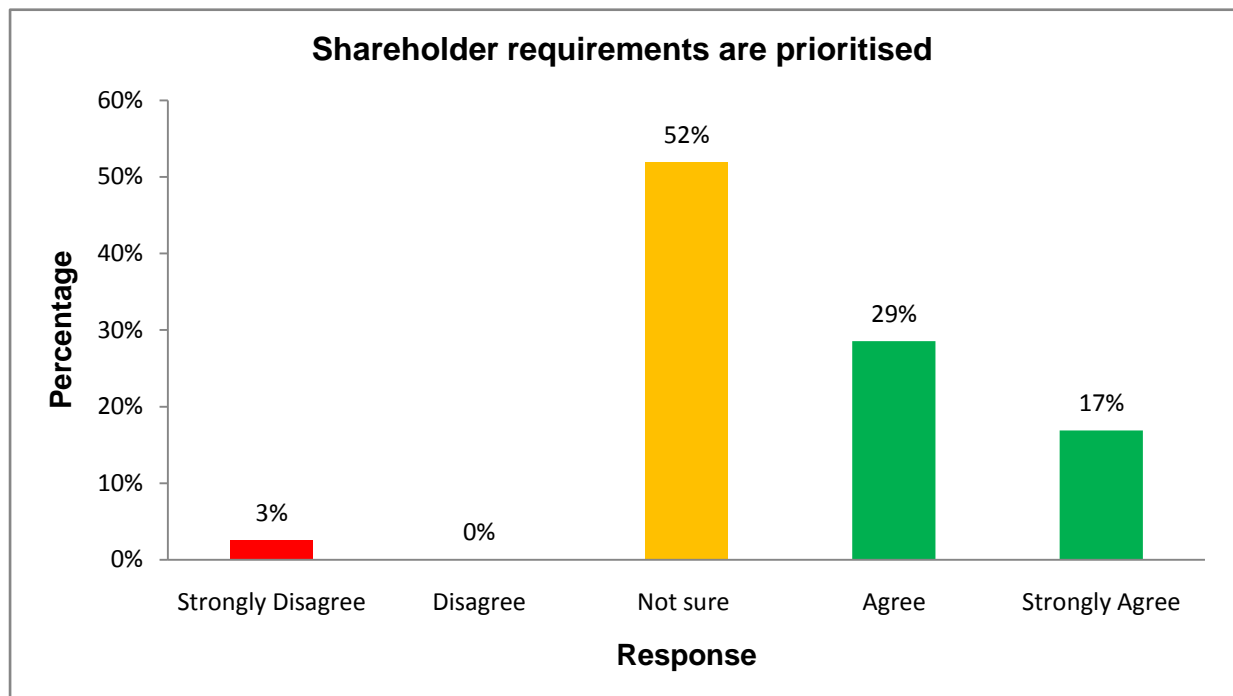


Figure 4.15: Shareholder requirements are prioritised

The results from Figure 4.15 show that 52% of respondents were unsure of shareholder requirements being prioritised, whilst 46% agreed with the statement and 3 % disagreed.

Deng et al citing Grossman (2013) argue that controlling shareholders may create benefits for their own interest.

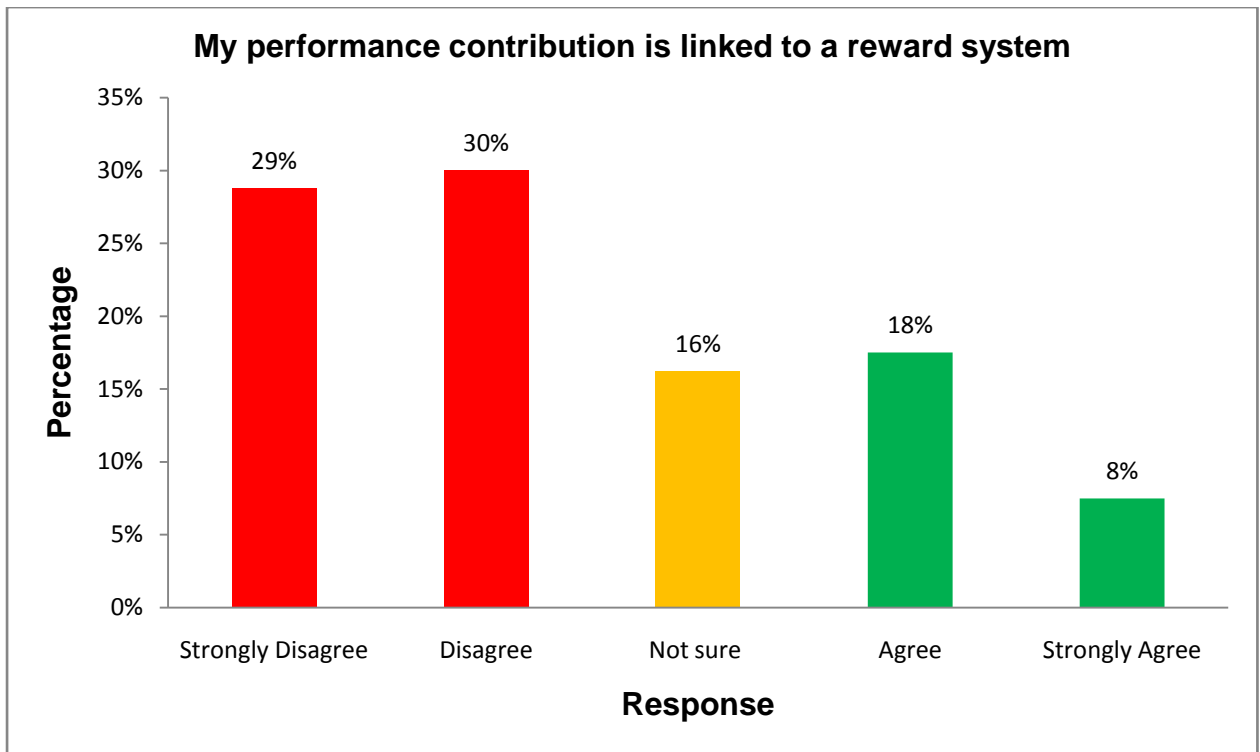


Figure 4.16: My performance contribution is linked to a reward system

In response to the statement that my performance is linked to a reward system it is evident from figure 4.6 that 59% of respondents disagreed with the statement, whilst 26% agreed with the statement and 16% were unsure in their response.

Hough (2011) postulates that performance management is key to integrate business strategy to employee individual performance.

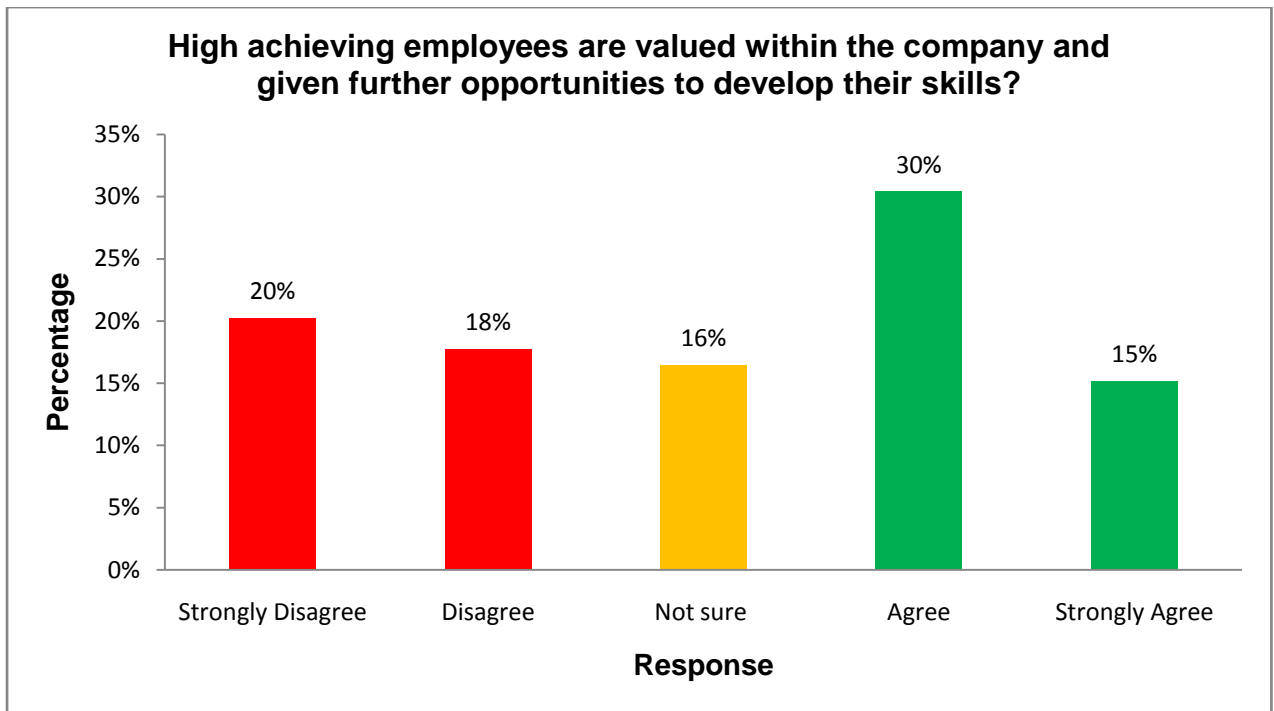


Figure 4.17: High achieving employees are valued within the company and given further opportunities to develop their skills?

It is evident from Figure 4.17 that 45% of respondents agreed with the statement that high achieving employees are valued within the company and given further opportunities to develop their skills. 38% disagreed with the statement whilst 16% were unsure.

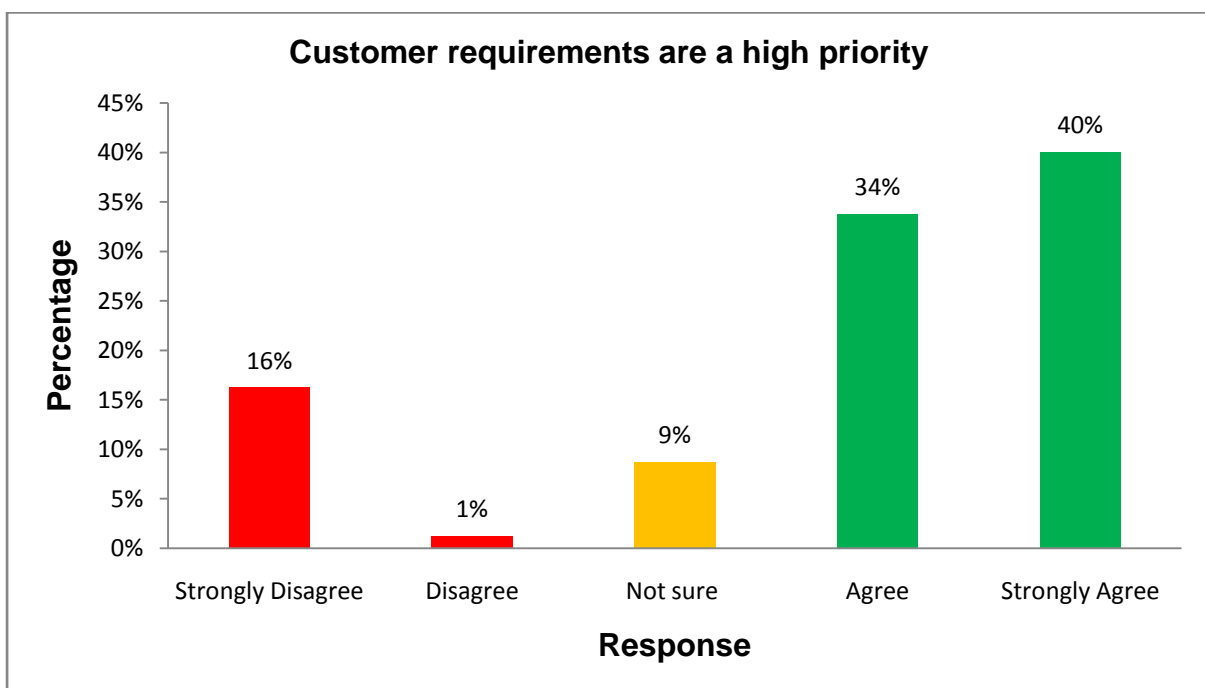


Figure 4.18: Customer requirements are a high priority

It is evident from Figure 4.18 that the majority of respondents (74%) agreed with the statement Customer service is a high priority at the organisation. 17% disagreed with the statement and 9% were unsure of the statement.

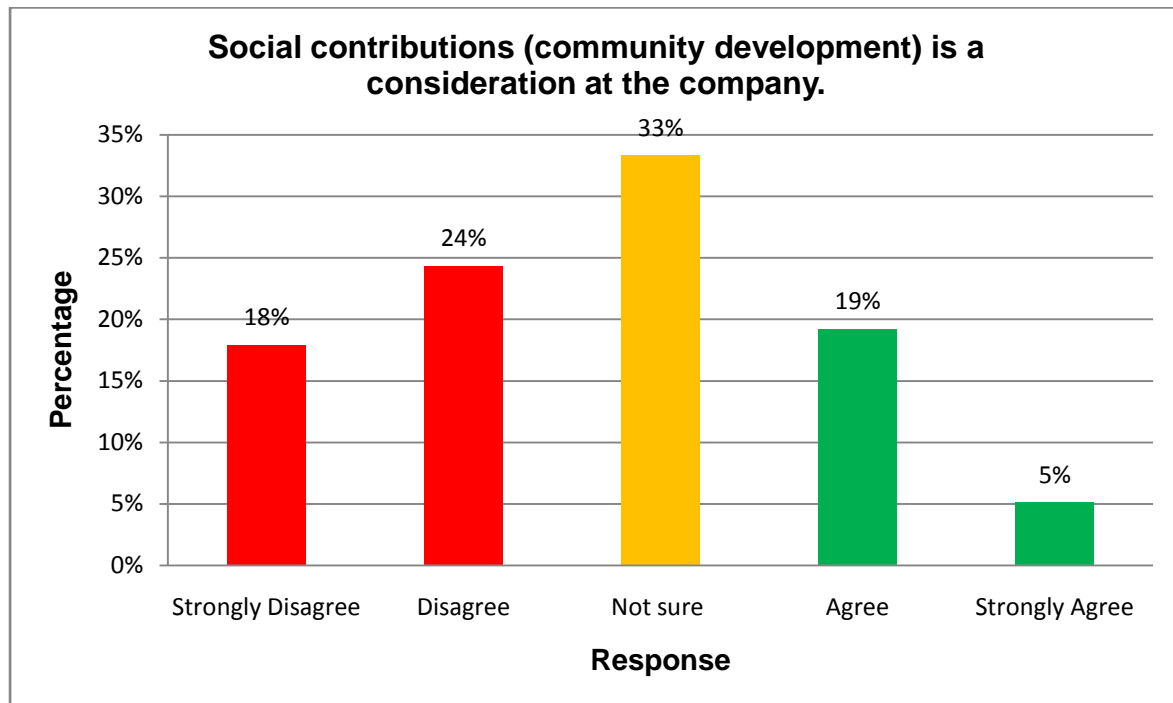


Figure 4.19: Social contributions (community development) is a consideration at the company

The results from Figure 4.19 indicate that 33% of respondents were not sure if social contributions or community development is a consideration at the company. 42% disagreed with the statement whilst 25% of respondents agreed.

Gazzola (2012) quoting Siregar and Bachtiar argue that to sustain economic and financial values of a firm must focus on creating social value. Companies must engage social responsibility moving beyond compliance and philanthropy to focus on solving economic, social and environmental concerns (Gazzola, 2012).

Statement	SD	D	N	A	SA	Mean	St.Dev.
Shareholder requirements are prioritised.	2.60%	0.00%	51.95%	28.57%	16.88%	3.57	0.86
My performance contribution is linked to a reward system	28.75%	30.00%	16.25%	17.50%	7.50%	2.45	1.28
High achieving employees are valued within the company and given further opportunities to develop their skills?	20.25%	17.72%	16.46%	30.38%	15.19%	3.03	1.39
Customer requirements are a high priority	16.25%	1.25%	8.75%	33.75%	40.00%	3.80	1.41
Social contributions (community development) is a consideration at the company.	17.95%	24.36%	33.33%	19.23%	5.13%	2.69	1.13

*SD = Strongly Disagree, D = Disagree, N= Not sure, A = Agree, SA = Strongly Agree, St.Dev. = Standard Deviation

Table 4.6.To determine stakeholder value generated from achieving alignment

It was found that 74% of the participants agreed that customer requirements are a high priority and 45% agreed that shareholder requirements are prioritised. 55% of participants agreed that high achieving employees are valued within the company and given further opportunities to develop their skills.

Results had also shown that more participants disagreed with the following statements: My performance contribution is linked to a reward system, and social contributions (community development) are a consideration at the company (Table 4.6).

4.5 Summary

The collected data was analysed. Some of the salient findings from the result were most respondents agreed that company had a defined strategy that used internal strengths, weaknesses and the external environment during creation. There was mixed reaction regarding strategic alignment as majority of respondents agreed that their job was linked to company strategic plans although respondents also agreed that decisions were made in silos, messages from top management was not effectively communicated and strategic plans were not accessible or easily understood. Respondents agreed that company evaluated performance to strategy and that stakeholder value was being generated.

CHAPTER FIVE

CONCLUSIONS, RECOMMENDATIONS AND LIMITATIONS

5.1 Introduction

The literature compiled in chapter two suggested that there is considerable information concerning strategic alignment and stake holder value creation. The objective of this research sought to contribute information towards organisational strategic alignment within a manufacturing organisation whilst creating stake holder value and identify potential gaps that may exist. This chapter will summarise the key lessons found in the study whilst highlighting limitations within this study and providing recommendations for further research to be expanded upon.

5.2 Conclusions

This study has drawn many conclusion, however it must be proclaimed that the conclusion indicate the opinions of the respondents and as such cannot be generalised to the component manufacturing industry.

5.2.1 Some salient findings of this research include:

- Respondents found that management considered the internal and external environment whilst formulating a clear defined strategic plan.
- Respondents believed that decisions are being made in silos, with little consideration of impact on other functional areas.
- Employees within the company were given responsibility and empowered with decision making latitude.
- The job function of staff members could be directly linked to the company strategic plans, which enable employees to feel that their efforts were contributing towards the organisation strategy.
- The message from senior management is not communicated effectively within the organisation.

- Strategic plans that have been created by management are not accessible to most staff members and the strategic plans are not easily interpreted by readers.
- The organisation uses evaluation techniques to track performance to strategy in the categories of learning and development, financial management, internal processes and customer service.
- High achieving employees are valued within the company and given further opportunity for development, however performance is not linked to reward.
- Social and community development is not seen as a high priority.

5.3 Recommendations arising from this study

The objectives of this research study were met as information trends were observed regarding organisational strategic alignment and stakeholder value creation. Although the organisation had compiled strategic plans the organisation lacked strategic alignment to implement these plans. Empirical evidence from this study identified gaps that are present.

5.3.1 The following recommendations are made on each objective

5.3.1.1 Identify if strategic models were used in establishing strategy

There were no improvements recommended as findings from the study indicated that management considered the external environment, internal strengths, and weaknesses whilst creating a clearly defined strategy. Based on these results an inference has been made that strategic models were used in the strategy formulation process.

5.3.1.2 An evaluation of alignment or miss alignment

To improve organisational alignment leadership should consider the following:

- Management should give due consideration to decision that are being made as decisions made in silo's result in poor alignment. According to Stephenson (2012) managers make decisions which are influenced by their own interests, this creates the situation where decisions are made in silos.

It is imperative that management ensure that decisions are agreed by all stakeholders to ensure that alignment is created to achieve the business objectives. These decisions must be clearly communicated to ensure that other business units understand the reasoning for the impact on their functioning.

- Clear communication within the organisation is vital. According to Myler (2012) messages from senior management loses coherence as it cascades through the business layers. Management should review their communication strategy to improve efficiency of information transfer. Cascading objectives through the various layers in the organisation enables improved transfer of information. Organisations can consider formal and informal communication forums to facilitate information transfer. Everse (2011) identifies that company strategy must be articulated in a simplistic way for the company employees. Management must create its relevance with employees allowing them to connect in a manner that makes them care about their job. This must be at the core of management's communication strategy.
- The organisation should make the company strategic plans accessible to employees. This will enable line of site as objectives are cascaded through the organisation enabling clear alignment.
- Strategic plans that are compiled should be easily interpreted by employees, management should consider simplifying the strategic plans to enable easy comprehension thus ensuring efforts are aligned. Myler (2012) argues that one of greatest challenge to strategic alignment is that the plan is too complex to be comprehended. Management make the critical mistake of assuming that because the plan is well understood by them, then everyone else within the organisation would interpret it. Management must ensure that the strategic plans are simple and clearly articulated.

5.3.1.3 Identify the evaluation techniques used to monitor performance of strategy

Results from the study indicate that the company uses evaluation techniques to monitor performance to strategy; however the following improvements should be considered:

- The initiative of tracking learning and product development can be improved; this strategic evaluation technique focuses on future business opportunities. Machado (2013) identifies that learning and development are imperative for organisations to ensure the goals of the future can be accomplished.

5.3.1.4 An evaluation of stakeholder value generated from achieving alignment

To improve stakeholder value creation the following opportunities should be considered:

- Management should consider linking employee performance to a reward system. Yu and Ramanathan(2013) referringHuselidargue that companies that invest in human resource activities focusing selection techniques used on staff and performance linked to compensation enjoy benefits of higher productivity, lower staff turnover and improvements to business performance (Yu and Ramanathan, 2013).
- The organisation should improve its efforts towards social involvement and community development. It is argued that the current climate places more expectation on a company's responsibility than merely a mechanism of economic and financial value generation but also focuses on a company as a social contributor to the environment in which they interact and belong. Gazzola (2012) quotingSiregar and Bachtiar argue that an organisation should create social value, for the benefit of sustained economic and financial values.

5.4 Limitations of this study

The limitations of this research could identify opportunities of further research. The researcher identified the following limitations that were relevant to this research:

- The finding of this research could not be generalised to the entire population of component manufacturers. Convenient non probability sampling was used in this survey which is not the most reliable method for confident generalisation.
- Convenient sampling method used due to the relatively short time frame (4months) allocated to complete the survey. Convenience sampling technique allows the researcher to select a sample that is convenient to access.

- The research was restricted to one company only; the results may differ should additional companies be included in the survey process.
- The research questionnaire was designed with closed ended questions. This option could have limited the response that participant made.
- There is limited information available in South Africa regarding strategic alignment.

5.5 Recommendations for further research

Recommendations on further research are based on limitations and findings as recognised within this study. Further research in this field as recommended by the researcher includes:

- The research should be expanded to additional companies within the component manufacturing industry, thus expanding the sample size which will enable the results to be generalised to the entire population.
- Probability sampling technique should be applied to the research design enabling a more reliable result which inferences can be made from confidently.
- The research instrument should use consider open ended questions to allow the respondents an opportunity to expand on certain questions.
- Research results should be separated between management and workers, this would prevent cross contamination of results, allowing workers a clear opportunity to express their results without any bias from management.
- Larger time frame should be allocated to administer the questionnaire which will enable a more balanced sample selection.
- Further studies should be conducted on how to improve stakeholder value creation.
- The study should be expanded to other areas nationally; this may affect the results as respondents were from two coastal companies only. Expanding this study may influence the results.
- Whilst the primary focus of this study has been the component manufacturing industry, expanding this study to other industries may reveal other challenges that may have merit in exploring.

5.6 Conclusion

This study has identified many relevant issues. Based on the finding, recommendations have been proposed for leadership to improve business strategic alignment and stakeholder value creation. Enhancing business strategic alignment will enable the organisation to align all resources to common objectives thereby improving business efficiency and effectiveness, resulting in improved business competitiveness and value creation for all stakeholders. Expansion of current research has been proposed based on a strong foundation, which will address business strategic alignment in other industries whilst improving stakeholder value.

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Annexure 1

Introductory letter

Shunmugam Chetty
Graduate School of Business & Leadership,
University of KwaZulu-Natal,
Westville Campus

Dear Respondent, I, Shunmugam Chetty (Student Number: 213569766), am a MBA student, conducting research on a project entitled:

Evaluating Strategic Alignment and Stakeholder Value at a Component Manufacturing Company.

Through your participation I hope to understand the importance of strategic alignment with a company environment. Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/focus group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business, UKZN. If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed bellow. The survey should take you about 10 minutes to complete. I hope you will take the time to complete this survey.

I can be contacted at:
Email: rnnchetty@gmail.com
Cell: +27 84 4205 102

My supervisor is Dr A Kader.
Contact details: email: abdullak@nedbank.co.za

You may also contact, the HSSREC Research Office: 031 260 8350 or email Mariette Snyman, Snymanm@ukzn.ac.za

Thank you for your contribution to this research.

Sincerely

Shunmugam Chetty

Date: 02/02/2015

Annexure 2
Consent Letter

UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP
MBA Research Project

Researcher: Shunmugam Chetty (084) 420 5102

Supervisor: Dr Abdulla Kader (082) 901 0225

Research Office: Ms M Snyman (031) 260 8350

CONSENT

I, Shunmungam Chetty, hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

If you are willing to participate in this survey, please indicate (by ticking as applicable) whether or not you are willing to allow the survey to be processed online via Question Pro

	Willing	Not willing

SIGNATURE OF RESPONDENT

DATE

.....

.....

Annexure 3 Ethical Clearance



14 March 2021

Mr Shivrajprasad Chetty (201906046)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Chetty,

Research reference number: R05/201/07/01/041
Project title: Evaluating strategic alignment and stakeholder value at a South African Consumer Marketing Company

Full approval (management approval) with regards to your application received on 28 February 2021. The documents submitted have been accepted by the Humanities & Social Sciences Research Ethics Committee and FULL APPROVAL for this protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the appropriate modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 3 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter re-approval must be applied for on an annual basis.

I have the opportunity of viewing your summary of the project on your status.

Yours faithfully,

Dr. Shweta Singh (Chair)

- Dr. Subhasini / Dr. Barbara Carter
- Dr. Academic Leader Research / Dr. J. Manku
- Dr. School Administration Mr. Tanya Sulew / Ms. Tina Mokoape

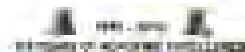
Humanities & Social Sciences Research Ethics Committee
Dr. Shweta Singh (Chair)

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UNIVERSITY OF KWAZULU-NATAL

Annexure 4
Questionnaire

Annexure 5

Turnitin Report

Turnitin Originality Report

Evaluating strategic alignment and stakeholder value at a component manufacturing company in south africa by S.chetty (renny) Renny 

From EVALUATING STRATEGIC ALIGNMENT AND STAKEHOLDER VALUE (MBA - Abdul Group)

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