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The Influence of Environmental Scanning on Performance of Paint Manufacturing firms in Kenya.

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Abstract

The study adopted descriptive research design. The target population for the study consisted of 27 paint manufacturing firms in Kenya. The target respondents included managing directors, strategic managers, and marketing directors. The study used complete enumeration and primary data was collected using semi-structured questionnaire which was be pilot tested to ascertain its suitability. Primary data collected was analysed quantitatively and qualitatively. Qualitative data was analysed thematically while quantitative data was analysed by the aid of SPSS. Quantitative analysis entailed performing descriptive and inferential data analysis. The findings were presented in tables and figures.

The first objective focused on examining the influence of environmental scanning on the performance of paint manufacturing firms in Kenya. Correlation analysis revealed a strong positive relationship between environmental scanning and organizational performance ($r=0.522$, $p<0.05$). Regression analysis showed that environmental scanning accounted for 27.3% of the variability in performance ($R^2=0.273$). ANOVA results confirmed a statistically significant linear relationship from its F-value of 24.358 as compared to its critical value and from its P-value being less than 0.05 ($F=24.358$, $p<0.05$) implying that environmental scanning significantly influences organizational performance. The regression coefficient ($\beta=0.535$, $t=4.935$) strongly suggests that environmental scanning is a robust influence of organizational performance.

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Index Terms *– Performance, Strategy, Influence, Strategic Management.*

1. INTRODUCTION

Strategic management practices are pivotal in enhancing organizational performance, as they involve the ability to anticipate, envision, and maintain flexibility in an ever-changing business environment. These practices include comprehensive situational analysis, which helps in identifying both opportunities and threats, and in understanding the competitive landscape [1]. Through fostering a culture of innovation and encouraging creative problem-solving, organizations can develop unique value propositions that differentiate them from competitors.

Strategic management emphasizes long-term goals and the alignment of resources and capabilities to achieve these objectives. Effective strategic thinkers are adept at making informed decisions that balance short-term demands with long-term aspirations, ensuring sustainable growth [2]. Strategic management practices refer to a set of cognitive processes, frameworks, and methodologies employed by individuals and organizations to systematically envision the future, analyze the present environment, and make informed decisions that drive long-term success [3]. These practices involve anticipating and preparing for potential scenarios, identifying and leveraging opportunities, and addressing challenges proactively. Effective strategic management enables organizations to create and sustain competitive advantages, foster innovation, enhance operational efficiency, and improve overall agility and resilience.

Environmental scanning is a critical strategic management practice that involves systematically monitoring and analyzing both the internal and external environments of an organization [4]. This practice helps organizations identify emerging trends, opportunities, and threats that could impact their operations and strategic goals. Internally, it includes assessing the organization's strengths and weaknesses, resources, capabilities, and current performance metrics. Externally, it involves examining market trends, competitive dynamics, regulatory changes, technological advancements, and socio-economic factors. Through continuously gathering and interpreting relevant data, organizations can make informed decisions, adapt to changes proactively, and align their strategies with the evolving landscape [4]. Effective environmental scanning enhances organizational performance by ensuring that strategies are responsive to real-time developments, thus maintaining competitiveness and reducing the risk of unforeseen disruptions.

In the United States, strategic management practices have a profound impact on organizational performance, with companies like Apple leading the way. These organizations prioritize strategic foresight and innovation, constantly anticipating market trends and technological advancements to stay ahead of the competition. This approach has not only helped them maintain their market leadership but has also driven continuous growth and profitability [5]. In Germany, their companies are renowned for their engineering and manufacturing prowess, exemplify the influence of strategic management practices on organizational performance. These firms excel in environmental scanning and resource alignment, enabling them to optimize operations, adapt to changing market conditions, and sustain long-term success in global markets [6]. Japan is another example where strategic management practices play a pivotal role in organizational performance, with companies like Sony setting the standard. These firms are known for their commitment to continuous improvement, or Kaizen, which has enabled them to achieve exceptional levels of efficiency, quality, and customer satisfaction, leading to sustained competitive advantage [7].

Regionally, strategic management practices have equally impacted various organizations in Africa. For instance, in South Africa, they have significantly impacted organizational performance, particularly in large corporations. Companies that have integrated strategic management into their leadership processes, such as Standard Bank, have shown marked improvements in their operational efficiency and financial performance. For instance, Standard Bank, which has adopted a forward-thinking approach to strategic planning, reported a 4% increase in headline earnings in 2022, largely attributed to its ability to anticipate market changes and adjust strategies accordingly [8]. This approach has also helped the company maintain a robust capital adequacy ratio of 14.1%, ensuring long-term sustainability in a competitive financial environment. In Nigeria, strategic management practices have played a crucial role in enhancing the performance of organizations in the telecommunications sector. Companies like MTN Nigeria have leveraged strategic foresight to expand their market share, particularly by focusing on digital transformation and customer-centric strategies. MTN Nigeria’s adoption of these practices has resulted in a 22.9% year-on-year revenue growth in 2022, as the company strategically invested in network infrastructure and innovative service offerings [9]. This growth underscores the importance of strategic management in navigating the complexities of the Nigerian market, where competition and regulatory challenges are significant.

In Kenya, strategic management practices play a significant role in influencing organizational performance across various industries. The paint industry in Kenya has evolved significantly since its inception, mirroring the country’s economic growth and development. Initially dominated by a few local manufacturers, the industry began to take shape in the mid-20th century, with the establishment of more formalized operations and the entry of multinational companies [10]. The growth of the construction and real estate sectors in the late 20th and early 21st centuries spurred further expansion. Innovations in paint technology and increased consumer awareness about the aesthetic and protective benefits of paint have also driven industry growth.

Over the years, the Kenyan paint industry has diversified, offering a wide range of products including decorative, industrial, and automotive paints [10]. Key players in the Kenyan paint industry include several notable companies

that have established themselves as market leaders through quality products and extensive distribution networks. Crown Paints Kenya PLC is one of the oldest and most recognized names in the industry, known for its wide range of paint products and strong market presence. Basco Paints, with its Duracoat brand, is another major player, renowned for its innovation and quality. Sadolin Paints, part of AkzoNobel, and Galaxy Paints are also significant contributors to the industry. These companies, among others, have played crucial roles in setting industry standards and driving growth through competitive strategies and customer-centric approaches. The influence of strategic management practices on the performance of these key players in the paint industry is profound. Companies that have adopted forward-thinking strategies, such as investing in research and development, have been able to innovate and offer products that meet the evolving needs of the market [11]. For instance, eco-friendly and weather-resistant paints have become popular due to increased environmental awareness and demand for durable products. Strategic partnerships and collaborations have also enabled these companies to expand their market reach and improve operational efficiency [11].

Strategic management involves anticipating future trends, setting long-term objectives, and aligning organizational activities with these goals. For paint industries, this means leveraging strategic management to innovative product offerings, optimize operational efficiencies, and respond effectively to market dynamics [12]. The decline in the performance of the paint industry in Kenya has become increasingly evident, particularly in recent years. Crown Paints Kenya PLC, the industry leader, reported a significant decrease in profit margins, dropping from 6.8% in 2021 to 4.5% in 2023. This decline is largely attributed to a 15% excise duty on imported paints introduced in 2023, which led to an average 7.5% increase in the cost of premium paints [12]. The weakening of the Kenyan shilling, which depreciated by approximately 10% against major currencies during the same period, further exacerbated the situation by increasing the cost of imported raw materials by around 12%. Consequently, the industry saw a slowdown in growth, with total market volumes growing by just 2% in 2023, compared to a 5% growth rate in 2020, highlighting the challenging economic environment that the industry is navigating [12].

2. LITERATURE REVIEW

2.1. Influence of Environmental Scanning on Organizational Performance

Environmental scanning is a strategic practice where organizations systematically collect, analyze, and interpret external information to identify potential opportunities and threats. This process involves monitoring various external factors such as economic trends, technological advancements, regulatory changes, competitive dynamics, and social shifts [4].

Staying attuned to external developments enables organizations to better align their strategies with market realities, thereby enhancing their ability to seize opportunities and mitigate risks [3]. For instance, through identification of emerging technological trends, a company can invest in new technologies that improve operational efficiency or create innovative products. Similarly, understanding regulatory changes can help a company comply proactively, avoiding potential fines and improving its reputation [3]. This strategic agility, fostered by environmental scanning, enables organizations to remain competitive, responsive, and resilient in a dynamic business environment.

2.1.1. Competitive Analysis

Competitive analysis is a systematic process through which organizations gather, analyze, and interpret information about their competitors and the broader market environment. This process involves identifying key competitors, understanding their strengths and weaknesses, evaluating their strategies, and assessing their potential impact on one's own business operations [13]. The goal is to gain a comprehensive understanding of the competitive landscape to inform strategic decision-making. Competitive analysis typically includes examining competitors' product offerings, market positioning, pricing strategies, and customer base.

Understanding the competitive environment through thorough analysis allows organizations to identify opportunities and threats within the market. This knowledge can drive strategic initiatives such as market entry or exit decisions, product development, and marketing strategies. Organizations can leverage this information to differentiate themselves from competitors, exploit market gaps, and anticipate competitor actions. Effective competitive analysis helps businesses stay ahead of trends and shifts in consumer preferences, providing a foundation for proactive rather than reactive strategies [14].

The influence of competitive analysis on organizational performance is profound, as it directly impacts a company's ability to achieve and sustain a competitive edge [15]. Armed with insights from competitive analysis, organizations can make informed strategic decisions that enhance their market position. For instance, understanding a competitor's weaknesses may lead to targeted marketing campaigns that highlight one's own strengths, thereby attracting more customers. In addition, recognizing emerging market trends enables organizations to innovate and adapt their product offerings to meet changing

consumer demands, ultimately driving growth and profitability [15].

Competitive analysis also contributes to improved risk management and resource allocation. Organizations can better anticipate potential threats and challenges posed by competitors, allowing them to mitigate risks effectively. Resource allocation becomes more strategic, as businesses can invest in areas that offer the highest return on investment while avoiding areas where competitors have a significant advantage [16]. Thus, competitive analysis is a critical component of strategic planning that significantly enhances organizational performance through informed decision-making, strategic agility, and optimized resource utilization.

2.1.2. Industry Trends

Industry trends refer to the analysis and monitoring of patterns and shifts occurring within a particular industry, encompassing technological, economic, regulatory, and consumer behavior changes [17]. Environmental scanning involves a comprehensive examination of these external factors to identify trends that may impact the organization. These trends provide valuable insights that help businesses anticipate market changes, align their strategies accordingly, and maintain a competitive edge. Understanding and analyzing industry trends is crucial for making informed strategic decisions and ensuring that the organization's operations are in tune with the evolving market environment.

When companies effectively scan their environment and identify key trends, they can proactively adjust their strategies to capitalize on emerging opportunities and mitigate potential threats [18]. This proactive approach enables organizations to stay ahead of the curve, fostering an environment where they can anticipate changes rather than react to them. Such foresight helps organizations to not only seize new market opportunities but also to avoid potential pitfalls, thereby enhancing overall performance and sustainability.

Incorporating industry trends into strategic planning allows organizations to improve operational efficiency and drive innovation. Staying attuned to advancements and shifts within the industry enables businesses to adopt new production methods or tools that improve productivity and reduce costs. Understanding shifts in consumer preferences allows organizations to innovate their product lines and marketing strategies to better meet market demands. This adaptability promotes a culture of continuous improvement and agility, essential for maintaining long-term success and competitiveness in a dynamic market environment [19].

Neglecting industry trends can lead to significant competitive disadvantages and performance issues. Organizations that fail to adapt to changing market conditions risk losing relevance and market share to more agile competitors. In addition, staying oblivious to regulatory changes or environmental concerns can result in non-compliance penalties and reputational damage [20]. Continuous environmental scanning and strategic response to industry trends are essential for sustaining competitiveness and achieving superior organizational performance. By integrating industry trend analysis into their strategic framework, organizations can enhance their ability to navigate market complexities and achieve sustainable growth.

2.1.3 Customer Analysis

Customer analysis involves systematically examining the characteristics, preferences, and behaviors of an organization's current and potential customers. This process includes gathering data on customer demographics, purchasing habits, needs, and feedback to understand their expectations and how they interact with the market [21]. It helps organizations identify trends and shifts in consumer behavior, enabling them to tailor their products, services, and marketing strategies effectively. Conducting a thorough customer analysis is a crucial component of environmental scanning, providing valuable insights that inform strategic decision-making.

Understanding customer preferences and needs significantly impacts an organization's ability to design products and services that resonate with its target market. Organizations can use insights from customer analysis to develop offerings that meet specific demands, thereby enhancing customer satisfaction and loyalty. For instance, identifying a trend towards eco-friendly products can lead a company to innovate and market green solutions, positioning itself as a leader in sustainability. This alignment with customer values not only attracts and retains customers but also strengthens the brand's reputation and competitive edge [22].

Customer analysis also plays a vital role in optimizing marketing strategies and communication efforts. Detailed knowledge of customer segments allows organizations to create targeted marketing campaigns that speak directly to the interests and pain points of different groups [23]. Personalized marketing efforts, based on customer analysis, tend to be more effective in driving engagement and conversions. This strategic approach ensures that marketing resources are allocated efficiently, maximizing return on investment and contributing to overall organizational performance.

Insights from customer analysis enable organizations to anticipate and respond to market changes proactively.

Being attuned to evolving customer needs and preferences helps organizations stay ahead of competitors and adapt to new market conditions swiftly. This proactive stance can prevent potential losses and capitalize on emerging opportunities, thereby sustaining growth and profitability [27] (Duchek, 2020). Customer analysis is instrumental in shaping strategies that enhance organizational performance, drive innovation, and secure long-term success in a competitive market

3. RESEARCH METHODOLOGY

Research methodology involves the systematic approach and procedures used in a study to collect, analyze, and interpret data to meet the research objectives. This section outlines the techniques and tools used to ensure that the study is conducted in a structured and scientifically sound manner. It details the research design, population, sampling design, data collection methods, and data analysis techniques used in the study.

For this study, a descriptive research design was adopted. This design focuses on systematically examining and detailing the characteristics of a population, phenomenon, or specific subject matter without manipulating any of the variables under study. It is primarily used to present an accurate depiction of the variables by exploring their attributes and the context in which they exist [23]. Unlike experimental designs, which involve direct intervention or controlled modifications, descriptive research design allows researchers to observe and document naturally occurring phenomena as they unfold. The choice of a descriptive research design for this study was based on its ability to facilitate an objective assessment of the relationships between the study variables without introducing external influence or alterations. By employing this approach, the study aimed to establish patterns, trends, and associations among the identified variables while ensuring that the integrity of the research setting remained intact. This method was particularly beneficial in providing a clear and detailed understanding of the existing conditions, making it an appropriate choice for investigating the relationships and interactions within the study's scope.

Population of research refers to the entire group of individuals, entities, or occurrences that share specific characteristics relevant to a particular study [25]. It represents the broader group from which a researcher seeks to gather insights and derive conclusions. The target population for the study consisted of 27 licensed paint companies operating in Kenya. To ensure that the collected data provided valuable insights into strategic decision-making and organizational performance, the study specifically focused on key respondents holding managerial and leadership roles within these companies. These included Managing Directors, Strategic Managers, and Marketing Directors, as they are directly involved in formulating and implementing strategic initiatives within their organizations. The detailed distribution of the target population is systematically presented in Table 3.1.

Respondents	Target Population	Percentage Distribution
Managing Directors	27	33.3
Strategic Managers	27	33.3
Marketing Directors	27	33.3
TOTAL	**81**	**99.9**

***Table 3.1**: Target Population Distribution*

A sampling design refers to a carefully structured plan that outlines the approach taken to select a sample from a given population for research purposes. It encompasses the various techniques and procedures employed to ensure that the chosen subset effectively represents the characteristics of the broader population from which it is drawn [26]. In the context of this study, a census approach was adopted, meaning that every individual within the defined target population was included in the analysis. This method was deemed appropriate due to the relatively small size of the target population, allowing for comprehensive data collection and analysis.

The data collection process refers to the systematic approach of gathering information from various sources to address specific research questions or objectives. It encompasses a series of well-structured techniques and procedures aimed at collecting, recording, and organizing data in a manner that ensures accuracy, consistency, and relevance for analysis [27]. In this study, data was obtained through an online-administered questionnaire, which was carefully structured into multiple sections to align with the key study variables. The first section was designed to capture demographic details of the respondents, providing essential background information. The second section focused on environmental scanning, examining the extent to which organizations monitor external and internal factors that influence their strategic decisions. The third section was dedicated to strategic innovation, assessing the adoption of innovative strategies within organizations. The fourth section covered resource alignment, exploring how effectively organizations allocate and utilize resources to achieve their strategic goals. Lastly, the final section of the questionnaire addressed organizational performance, evaluating the effectiveness and outcomes of various strategic initiatives.

To ensure the effectiveness of the research questionnaire before conducting the actual data collection, a pilot study was carried out. This preliminary study aimed to assess

both the validity and reliability of the questionnaire, ensuring that it effectively measured the intended concepts. The validity of the instrument was evaluated by analyzing the consistency with which participants interpreted and responded to the questions, ensuring that the items accurately reflected the study's objectives. Reliability, on the other hand, was tested using the test-retest method, where the same questionnaire was administered to a selected group of participants at different time intervals to determine whether it produced consistent results. In addition, the reliability of the questionnaire was quantified using the Cronbach alpha coefficient, a statistical measure that evaluates the internal consistency of an instrument. According to [23], a Cronbach alpha value of 0.7 or higher indicates that the questionnaire is reliable and capable of consistently measuring the intended variables. Based on the reliability analysis presented in Table 3.2, all study variables recorded a Cronbach alpha coefficient greater than 0.7. This finding confirmed that the questionnaire demonstrated a high level of reliability, making it a suitable tool for collecting data in this study.

Table 3.2: *Reliability Test*

Variables	No. of Items	Coefficient	Verdict
Environmental Scanning	10	0.741	Reliable
Strategic Innovation	10	0.732	Reliable
Resource Alignment	10	0.723	Reliable
Organization Performance	10	0.742	Reliable

Regarding ethical considerations, the study strictly adhered to fundamental ethical principles, including informed consent, anonymity, and confidentiality, to protect the rights and welfare of the participants. To obtain informed consent, each respondent was provided with a detailed consent form, which they were required to read and sign before completing the questionnaire. This form contained essential information regarding the purpose and objectives of the research, the role of the respondents in the study, and the identity of the researcher. In addition, it clearly stated that participation was entirely voluntary, meaning that respondents had the right to decline or withdraw from the study at any stage without facing any consequences. Participants were assured that their responses would be treated with the highest level of confidentiality.

In this study, both qualitative and quantitative data analysis techniques were employed to ensure a comprehensive interpretation of the collected information. Qualitative data was analyzed thematically, where patterns and themes emerging from the responses were identified, categorized, and interpreted to provide deeper insights into the research subject. On the other hand, quantitative data was analyzed using Statistical Package for the Social Sciences (SPSS) software, version 24, which facilitated accurate computation and statistical evaluation of the numerical data.

Various quantitative techniques were applied in this study, including both descriptive and inferential statistical analysis. Descriptive analysis involved summarizing the key characteristics of the dataset using measures such as frequencies, percentages, and standard deviations, which provided a clear overview of data distribution and variability. Inferential analysis included correlation and regression analysis. Correlation analysis was used to determine the strength and direction of relationships between different study variables, helping to establish whether a significant association existed between them. Regression analysis, on the other hand, was applied to assess the extent to which independent variables could predict or explain variations in the dependent variable. By employing these analytical techniques, the study ensured a rigorous evaluation of data, leading to well-supported conclusions and meaningful research findings.

4. RESULTS

The results and findings were presented based on the specific objective which was to determine the influence of environmental scanning on performance of paint manufacturing firms in Kenya.

The study yielded a response rate of 82.7% which reflects a high level of engagement and participation from the targeted respondents as shown in figure 4.1.

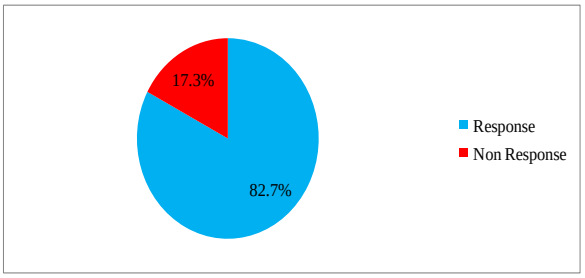

Figure 4.1: Response Rate

As illustrated in Figure 4.2, the majority of the respondents, accounting for 49.3%, held positions as strategic managers, while 34.3% were identified as marketing managers. In addition, 16.4% of the respondents were general managers. These percentages indicate that the study successfully captured input from individuals occupying key leadership and managerial roles across critical departments within the paint manufacturing companies. This broad representation ensures that the findings are informed by insights from diverse perspectives within the organizational hierarchy, thereby enriching the depth and scope of the research.

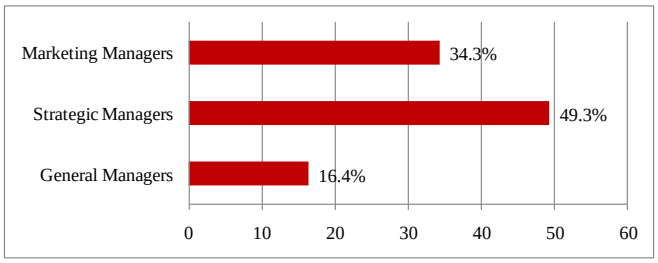

Figure 4.2: Respondent's Position

The results, as depicted in Figure 4.3, reveal that a significant majority of the respondents, accounting for 65.7%, had attained a Bachelor's degree. Those with a Master's degree constituted 23.9% of the sample, while 4.5% of the respondents had completed a Diploma. A smaller proportion, representing 6%, held doctoral degrees (PhDs). These findings indicate that the participants in the study were well-educated, with all of them having at least a post-secondary level of education. This high level of academic achievement suggests that the respondents possessed the necessary knowledge and intellectual capacity to thoroughly understand the questionnaire's content and provide accurate and thoughtful responses.

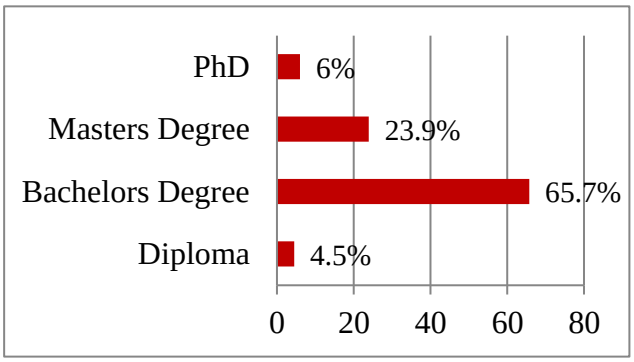

Figure 4.3: Education level of Respondents

The results, as illustrated in Figure 4.4, indicate that 43.3% of the respondents have worked in their current companies for a duration ranging from 5 to 10 years. A smaller percentage, 20.9%, reported tenure between 11 and 15 years, while 28.4% had been employed for less than 5 years. A minority, constituting 7.5%, indicated that they had been with their companies for a period spanning 16 to 20 years. These findings suggest that a considerable proportion of the respondents have accumulated substantial experience in their organizations, enabling them to provide insightful and reliable information regarding their companies. Their varied durations of service contribute to a well-rounded perspective for the study, combining fresh insights from newer employees with the seasoned understanding of long-term staff members.

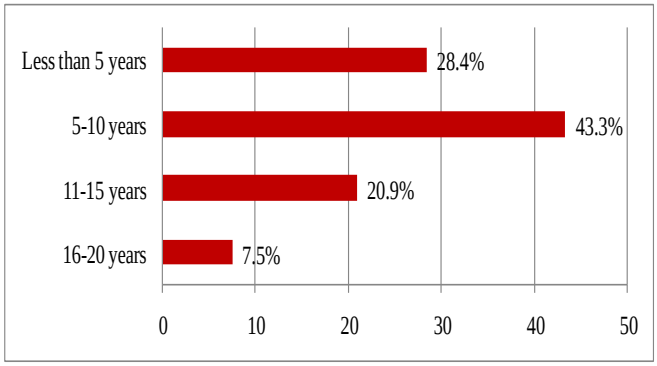

Figure 4.4: Duration of Work

The findings, as presented in Figure 4.5, reveal that a majority of the respondents, accounting for 61.2%, described their company's performance as good. A smaller percentage, representing 10.4%, rated their performance as average, while 28.4% of the respondents indicated that their companies' performance was very good. These results suggest that the majority of paint manufacturing firms included in the study are operating at a satisfactory or above-average level. The responses highlight that these companies are generally achieving favorable outcomes, with a significant proportion even excelling in their performance metrics. This indicates a positive trend in the overall industry performance, as perceived by the respondents.

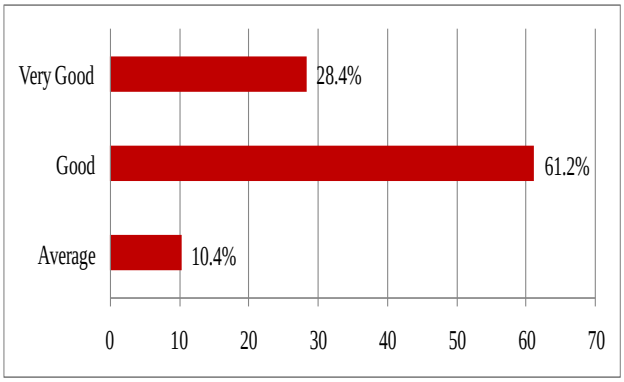

Figure 4.5: General Performance

According to Table 4.1, which showcases the responses from participants regarding the influence of environmental scanning on the performance of paint manufacturing firms in Kenya. A considerable portion of the respondents (37.3%) rated the frequency with which their companies monitor external market trends as great, indicating strong awareness of external market dynamics. The majority of respondents (35.8%) felt that their companies assess the competitive landscape at a moderate level, suggesting that this area might not be a consistent focus. In terms of analyzing customer preferences and behaviors, 37.3% of respondents indicated that their companies give this area great attention, emphasizing the importance of staying in tune with customer needs.

A significant portion (43.3%) of respondents reported that their companies frequently evaluate technological advancements that could affect the industry, indicating a proactive approach to adopting new technologies. Regarding the review of regulatory changes and their potential impacts, 34.3% of participants indicated that this is conducted at a moderate level, possibly reflecting the varying importance placed on regulatory factors. When it comes to SWOT analyses, 38.8% of respondents stated that their companies conduct them at a moderate frequency, suggesting that these assessments may not be done regularly.

For gathering and analyzing data on industry benchmarks, 40.3% of respondents reported moderate engagement, indicating some level of attention but with potential for more in-depth research. A significant portion of respondents (35.8%) also indicated that their companies engage in scenario planning to anticipate future challenges at a great frequency, reflecting a forward-thinking approach to potential risks. The integration of stakeholder feedback into strategic decisions was viewed as an area of great importance by 41.8% of the respondents, highlighting the role of collaboration in decision-making. The review of environmental scanning processes for effectiveness was considered frequent by 35.8% of respondents, underscoring the ongoing efforts to ensure that the company's scanning processes remain efficient and impactful.

Table 4.1: *Descriptive Statistics for Environmental Scanning*

Environmental Scanning	VL %	L %	M %	G %	VG %
To what extent does your company regularly monitor external market trends?	7.5	10.4	22.4	37.3	22.4
How frequently does your company assess the competitive landscape?	6.0	9.0	35.8	31.3	17.9
To what extent does your company analyze changes in customer preferences and behaviors?	0	11.9	25.4	37.3	25.4
How often does your company evaluate technological advancements that could impact the industry?	1.5	9.0	23.9	43.3	22.4
To what extent does your company review regulatory changes and their potential impacts?	3.0	13.4	34.3	28.4	20.9
How frequently does your company conduct SWOT (Strengths, Weaknesses, Opportunities, Threats) analyses?	4.5	10.4	38.8	29.9	16.4
To what extent does your company gather and analyze data on industry benchmarks?	1.5	11.9	40.3	28.4	17.9
How often does your company engage in scenario planning to anticipate future challenges?	7.5	9.0	29.9	35.8	17.9
To what extent does your company incorporate feedback from stakeholders (customers, suppliers, etc.) in strategic decisions?	1.5	6.0	26.9	41.8	23.9
How frequently does your company review its environmental scanning processes for effectiveness?	4.5	14.9	26.9	35.8	17.9

To statistically determine the presence of a relationship between environmental scanning and organizational performance, correlation analysis was conducted. The results of this analysis, as outlined in Table 4.2 revealed the existence of a strong and positive relationship between these two variables. The relationship was confirmed to be statistically significant, with the correlation coefficient calculated as ($r(67)=0.522$, $p<0.05$). These findings indicate that as the level of environmental scanning increases, there is a corresponding improvement in organizational performance, highlighting the importance of this practice in enhancing overall outcomes.

Table 4.2: *Environmental Scanning and Organization Performance*

	Environmental Scanning	Organization Performance
Environmental Scanning	1	
Organization Performance	.522**	1
	.000	
N	67	67

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

Table 4.3 presents the detailed model summary of the regression analysis conducted to investigate the relationship between environmental scanning and organizational performance. The results derived from the analysis indicate that the environmental scanning variable accounts for a significant proportion of the variability observed in organizational performance. Specifically, approximately 27.3% of the variance in organizational performance can be explained by environmental scanning, as reflected in the coefficient of determination, denoted by $R^2 = 0.273$. This suggests that environmental scanning plays a crucial role in influencing organizational performance, although a substantial portion of the variance remains attributed to other factors not captured by the model.

Table 4.3: *Model Summary for Environmental Scanning*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.522[a]	0.273	0.261	0.32404

a. Predictors: (Constant), Environmental Scanning

In order to rigorously assess whether a linear relationship exists between environmental scanning and organizational performance, an Analysis of Variance (ANOVA) was conducted. The results from this statistical test, presented in Table 4.4, clearly indicate that there is a statistically significant linear relationship between the two variables. The F-value of 24.358 with a p-value of less than 0.05 provides strong evidence that environmental scanning significantly influences organizational performance. This outcome further supports the hypothesis that environmental scanning is a key determinant of the variations in performance levels observed across organizations

Table 4.4: *ANOVA for Environmental Scanning*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.558	1	2.558	24.358	0.000[b]
	Residual	6.825	65	0.105		
	Total	9.383	66			

a. Predictors: (Constant), Environmental Scanning

b. Dependent Variable: Organization Performance

Table 4.5 highlights the regression coefficients for the

model analyzing the specific effect of environmental scanning on organizational performance. The findings from the regression analysis show that environmental scanning has a statistically significant and positive influence on organizational performance. The regression coefficient of β = 0.535, along with a t-value of 4.935 and a p-value that is less than 0.05 strongly suggests that environmental scanning is a robust predictor of organizational performance. These results underscore the critical role that environmental scanning plays in enhancing the effectiveness and efficiency of organizations, confirming its substantial influence on organization performance.

Y = 1.643+ 0. 535**X**

Table 4.5: *Regression Coefficient for Environmental Scanning*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.643	0.387		4.246	0.000
	Environmental Scanning	0.535	0.108	0.522	4.935	0.000

a. Dependent Variable: Organization Performance

5. DISCUSSION

The purpose of the study was to assess the influence strategic management practices on performance of paint manufacturing firms in Kenya. The specific objective of the study was to establish the influence of environmental scanning on performance of paint manufacturing firms in Kenya.

The study utilized a descriptive research design to conduct the study. It targeted a population of 81 managers from 27 paint companies in Kenya. Structured questionnaires were used to collect data, and their suitability was ensured through pilot study. Data analysis involved quantitative methods, incorporating both descriptive and inferential statistics, facilitated by SPSS software. The results were presented using a combination of graphs and tables to enhance clarity and facilitate interpretation.

The key objective was to examine the influence of environmental scanning on the performance of paint manufacturing firms in Kenya. Correlation analysis revealed a strong and positive relationship between environmental scanning and organizational performance, with a statistically significant correlation coefficient of 0.522 ($p<0.05$). The findings demonstrate that higher levels of environmental scanning are associated with improved organizational performance. Regression model summary results show that environmental scanning accounts for a significant portion of the variability in organizational performance, explaining approximately 27.3% of the variance ($R^2 = 0.273$). This highlights the critical role of environmental scanning in enhancing performance. ANOVA results confirm a statistically significant linear relationship between environmental scanning and organizational performance, as evidenced by an F-value of 24.358 and a p-value below 0.05. The regression coefficient ($\beta = 0.535$), a t-value of 4.935, and a p-value less than 0.05 further support the conclusion that environmental scanning has a positive and statistically significant influence on organizational performance, making it a reliable predictor of performance.

The positive correlation between environmental scanning and organizational performance was demonstrated by a correlation coefficient of 0.522 ($p<0.05$). This connection highlights the necessity of embedding environmental scanning as a core practice in strategic management frameworks to maintain organizational competitiveness and adaptability. These findings were in line with the findings of [3] which provided compelling evidence that organizations employing rigorous environmental scanning practices are better positioned to align their strategic objectives with the realities of an ever-changing marketplace. Their findings revealed that organizations engaging in comprehensive scanning activities can identify emerging trends, shifts in customer preferences, and changes in the competitive landscape, enabling them to make informed adjustments to their strategies. Such proactive scanning processes allow organizations to move beyond reactive measures, equipping them with the foresight needed to anticipate changes and maintain a strong competitive edge in the face of uncertainty and competition. This closely parallels the findings of the current analysis, which demonstrate that higher levels of environmental scanning are associated with enhanced organizational performance.

In line with the study's findings, [14] also reinforced the importance of systematic and structured environmental scanning as a tool for fostering organizational success. Their research highlighted that organizations engaging in regular environmental assessments are better equipped to detect potential risks and capitalize on emerging opportunities. They suggested that environmental scanning serves as a critical mechanism for identifying threats and converting them into opportunities, a process that is essential for sustaining long-term organizational performance. The results of their study align with the correlation observed in the current analysis, emphasizing that organizations incorporating environmental scanning into their operational and strategic decision-making processes achieve superior performance outcomes compared to their counterparts who neglect this practice.

To support these findings, [15] also extended the discussion by highlighting the broader implications of environmental

scanning on organizational capabilities, particularly resilience and agility. Their study illustrated how scanning activities act as a foundation for strategic decision-making, enabling organizations to remain robust in the face of external uncertainties. The findings revealed that organizations engaging in environmental scanning not only improve their immediate performance metrics but also build the agility necessary to adapt to sudden changes in market conditions. This dual benefit enhancing both performance and adaptability underscores the critical role of environmental scanning in sustaining competitive advantage. The alignment between these findings and the results of the current analysis further solidifies the argument that environmental scanning should be a central component of strategic management.

The findings of this study were also consistent with the findings of the study by [17] who explored the mediating role of organizational learning in the relationship between environmental scanning and resilience, providing additional insights into the mechanisms through which environmental scanning influences performance. Their findings suggested that environmental scanning fosters a culture of continuous learning, which equips organizations with the knowledge and tools necessary to navigate complex environments effectively. They further added that the interplay between scanning activities and organizational learning creates a feedback loop, where insights gained through scanning are translated into actionable strategies, further enhancing organizational performance. This perspective aligns with the findings of the present analysis, which demonstrates that higher levels of environmental scanning correlate with improved organizational outcomes.

To add on the study's findings, [22] also contributed to the growing body of evidence supporting the importance of environmental scanning as a strategic practice. Their research underscored the value of structured and deliberate environmental scanning processes, which allow organizations to maintain alignment between their strategic objectives and the realities of their operating environments. They found that organizations adopting systematic scanning frameworks could more effectively align their internal resources and capabilities with external opportunities and challenges, resulting in improved performance outcomes. These findings resonate strongly with the observed positive correlation in the current analysis, further emphasizing that environmental scanning is not merely a supplementary activity but a fundamental driver of strategic alignment and success.

The findings of this study were also consistent with the findings of [27] who contributed further by illustrating how structured environmental scanning processes enable organizations to anticipate and respond to market dynamics effectively. Their research indicated that organizations adopting these practices experience a measurable improvement in performance metrics. This supports the present finding, which shows that a considerable proportion of organizational performance variability is explained by the practice of environmental scanning. The ability to foresee trends and adjust operations is a distinguishing factor for organizations prioritizing scanning activities.

6. CONCLUSION

The study concludes that environmental scanning plays a significant and positive role in the performance of paint manufacturing firms in Kenya. The strong correlation between environmental scanning and organizational performance, along with its ability to explain a substantial portion of the performance variance, underscores the importance of this practice in enhancing firm outcomes. The statistically significant regression results further confirm that environmental scanning is a reliable predictor of performance, demonstrating its critical contribution to improving the organizational success of paint manufacturing firms in Kenya.

The study recommended that senior management of paint manufacturing firms should prioritize the systematic implementation of environmental scanning practices to enhance organizational performance. This should include investing in tools and technologies that enable effective monitoring of market trends, competitor activities, and regulatory changes. Management should also establish dedicated teams or roles responsible for continuously analyzing external and internal environments to identify emerging opportunities and threats. Regular training and capacity-building initiatives should be conducted to equip staff with the necessary skills for conducting thorough environmental assessments.

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