



Emotional Self-Awareness and Strategic Decision Making in Private School Enterprises in Nairobi County, Kenya

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Abstract

Strategic decision making as a key ingredient of a firm's strategy shapes the expected attainment of organization goals. Firm managers as strategic decision makers are thus required to possess strategic thinking skills and competency so as to articulate a firm's vision. While many researches on strategic decision making have focused on many antecedents of decision making, there is miniature empirical evidence on emotional self-awareness facet of emotional intelligence as a key predictor of a firm manager's strategic thinking. The study was grounded on affective events theory and decision theories. The study employed explanatory research design and targeted a population of 168 private high schools from which a sample size of 151 respondents (mainly school managers) was drawn. Stratified sampling technique was used to select school directors/ principals then simple random sampling was used to select respondents that participated in the study. Data was analyzed using Pearson product moment correlation and hierarchical multiple regression methods. Descriptive analysis was used to summarize data into meaningful forms. Factor analysis was done to ensure content, construct and discriminant validity. Multiple regression results summarily indicated that emotional self-awareness significantly influenced strategic decision making ($\beta=.368$; $p=0.000$ at $P<.001$), In conclusion, emotional self-awareness of a manager plays a prediction role in strategic decision making. Further, this study provides an empirical basis for the need to develop emotional intelligence of firm managers as strategic thinkers of a firm.

Key words: *Emotions, Emotional Intelligence, Self-Awareness, Strategic Decision Making*

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1. Introduction

Strategic decision-making emerged as one of the most active areas of strategic management research and greatly benefited from such research traditions as behavioral decision theory and transaction cost economics[21]. However, since it gained its own momentum as evidenced in substantial body of literature, it is still widely recognized that our knowledge of *strategic decision-making processes* is limited and is mostly based on normative or descriptive studies and on assumptions most of which remain untested[24].

Based on the ontology of Strategic Decision Making, Strategic decisions are non-routine and involve both the art of leadership and the science of management. Routine decisions of how to efficiently manage resources according to established procedures and clearly understood objectives is the technical work of management [24]. Routine decisions are normally the purview of supervisors and middle-level managers that have the requisite authority and responsibility to take action.

However, non-routine decisions require what Harvard Professor Ron Heifetz refers to as "adaptive work" where senior leadership must consider the broader implications of the situation, take an active role in defining the problem, creatively explore potential long term solutions, and apply judgments as to what *should* be done [14].

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Given that strategic decision making has been conceptualized as a preserve of large corporations, [16] gave three reasons to justify the natural orientation of strategic decision making in small firms. First, small firms adopt a niche strategy that focuses on specialized markets where large corporation normally ignores. Second, given their (small firms) limited resources, they normally concentrate on a small product range where strong competitive advantages and specific problem-solving competencies build up, for example, with regard to qualitative market leadership. Finally, the high decision flexibility and direct customer contacts means that research and development findings easily convert into marketable innovations. However, over-dependency on a few products remains risky and cannot compensate. In summary, after a meta-analysis of literature review, they concluded that decision-makers of small firms also apply strategic decision, although in many cases rather intuitively and/or informally.

In regard to scholarly researches on strategic decision making in firms, many studies have concentrated on antecedents of decision making like diversity and group processes [8], strategic decision making processes [21]; [1] with little regard to the influence of firm managers' emotions on strategic decision making [15]. The study of emotions in organizations therefore saw a fresh resurgence [5]. Although this resurgence was partly the result of recent intense interest in emotions in general in the field of psychology, it was also partly because of knowledge that emotions experienced at work influence work attitudes, loyalty, organizational commitment, job satisfaction, and decision making among others [3]. The negative emotions that firm managers feel for instance distrust, anger, stress, have direct effects on their decision making skills which could have a long term effect on organizational and employee productivity [6].

Further, the effects of leaders' or firm managers' emotions in the leadership process have not been extensively examined until very recently [7]. A lack of research in this area was surprising considering that emotions have been shown to influence quality of decision-making, creativity, memory, and inductive as well as deductive reasoning. One of the key theories of emotions in organizations is the Affective Events theory [25] which holds that environmental exigencies generate 'emotional events' that cause emotional reactions in organizational members which, in turn, determine members' attitudes and behaviors. That is organizational events trigger affective responses in organizational members, with consequences for workplace attitudes, cognition, and behavior. [4] Further developed the theory by expounding on the role of affect in strategic management which is characterized by complexity, uncertainty and ambiguity [4].

Moreover [4] posited that intra-organizational and extra-organizational environments generate 'affective events', which result in emotional responses on the behalf of the organizational actors – in this instance, the top management team responsible for strategic decision-making. Intra-organizational affective events include stress-related workplace events, the physical setting, work-group characteristics, and leader-member exchanges – ultimately all derived from the goals set in place by top management strategic decisions. Extra-organizational affective events include (1) organizational change events; (2) economic, legal, and political events; and (3) inter-organizational negotiations. The emotions that are invoked are the negative emotions of anger, emotional outbursts, absenteeism, shocks, turnovers, disgust, and fear/anxiety, and the positive emotions of joy and happiness.

Further, [11], contested that the study of emotions in firm managers was rather general thus came up with emotional intelligence a key predictor of a firm manager's strategic decision making. To qualify this assertion, [20], [2] and [22] found a significant influence of emotional intelligence on strategic decision making. Emotional self-awareness is defined by [10] as a person's accurate self-assessment, self-control. However, there is miniature empirical evidence on influence of distinctive dimensions of emotional intelligence (self-awareness, self-regulation, motivation, empathy and social skills) on strategic decision making thus the need of this study that researched on influence emotional self-awareness on strategic decision making in private school enterprises in Nairobi County, Kenya.

2. Methods

The study was carried out in Nairobi County, Kenya between the months of August to November 2015. Nairobi County was chosen because it has well established and mushrooming private schools which mostly operate as profit-making entities, hence are involved in strategic decision making to help them gain a competitive advantage over their contenders in private school enterprises located within the county and the satellite towns of the county. According to

Nairobi county statistics office, Nairobi county is one of Kenya's 47 counties and hosts Kenya's political, commercial and industrial capital. This study adopted positivism (quantitative) paradigm since structured questionnaires were used to collect primary data from respondents. The research further adopted explanatory design which is suitable for doing cause-effect relationships, which are conducted in order to explain any behavior or reactions of people to a given phenomenon in the society [19].

The study targeted 168 private high schools comprising; school Managers-Directors/Principals in nine sub-counties of Nairobi County, Kenya from where a sample size of 151 respondents was drawn and simple random sampling was used to select respondents that participated in the study. Measurements that were used in this study are all proven measures. The Independent variable- Emotional self-awareness was measured using [26] questionnaire which assessed a school manager/director's level of emotional self-awareness. There were nine questions itemized on a 5-point Likert response scale, ranging from; 1 ("Strongly Disagree") to 5 ("Strongly Agree"). The outcome variable (strategic decision making) was measured using [8] measurement scale which assessed a school manager/director's level of involvement in strategic decision making. There were nine questions itemized on a 5-point Likert response scale, ranging from; 1 ("No extent") to 5 ("Large extent"). Further, the following controls (age, gender, education level, designation) were taken into consideration to minimize their effects on strategic decision making (criterion variable). They were measured using a questionnaire on demographic data.

Several studies on firm competitive strategies and strategic decision making have used age, gender, education level, student population and nature of school ownership to predict firm competitive strategies and strategic decision making [22].

In reference to testing of validity and reliability of instruments, a pre-test of the questionnaires was done to ensure the items in the questionnaire are clearly stated and have adequate content to ensure content validity while reliability was tested using Cronbach's alpha reliability coefficient. Further there was factor analysis as a variable reduction technique and commonly used tool for constructing a measurement index [9] was used to extract factors according to their Eigen values on emotional self-awareness and strategic decision making. The hypothetical prediction of emotional self-awareness on strategic decision making was tested using researcher's conceptual model formulae shown below;

$$y = \beta_0 + \beta_1 CD + \beta_2 CLS + \beta_3 SA + \varepsilon; \text{ where;}$$

y = Strategic Decision Making

CD = Control variable (designation), CLS=Control variable (Length of service)

SA= Self-Awareness

ε = error term

3. Results

A total of 150 questionnaires out of 151 questionnaires were filled representing a response rate of 99% which was used for data analysis. Reliability test for the two variables that is self-awareness and strategic decision making were computed and all showed a Cronbach alpha above 0.6 confirming the reliability of the research instruments used in the study (Cronbach alpha for self-awareness and strategic decision making were 0.773 and 0.821 respectively). Using Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy, sampling adequacy of 0.767 and 0.842 respectively for self-awareness and strategic decision making) was found confirming suitability of factor analysis as KMO was above 0.5 and Bartlett's Test of Sphericity was significant at $p < 0.05$. Kaiser-Meyer-Olkin (KMO) as a measure of sampling adequacy is used to measure to compare the magnitudes of the observed correlation coefficients in relation to the magnitudes of the partial correlation coefficients. Large KMOs are good because correlation between pairs of variables, that is, potential factors can be explained by the other variables. Summarily, KMO value of 0.9-1 is marvelous, 0.80-0.89 is meritorious, 0.70 to 0.79 is middling, 0.60 to 0.69 is mediocre, 0.50 to 0.59 is miserable while when below 0.5 do not do factor analysis. A KMO value of 0.5-0.79 implies that if a factor analysis is conducted, the factors extracted will account for fair amount of variance but not a substantial amount like 0.8-1 [17].

Orthogonal rotation of variable set was then done in order to reduce variable set. Orthogonal rotation preserves the independence of the factors, thus, geometrically they remain 90° apart. Multi-dimensional scale set was used to measure a particular construct- the dimensions were assumed to be well defined and validated so that the error was not a problem. Construct validity, discriminant and content validity was measured using factor analysis.

Therefore, components extracted from factor analysis were used to construct the indices that had several indicators measuring a single construct.

To investigate how well Emotional Self-Awareness, predict Strategic Decision Making, after controlling for respondent's designation, age, education level, gender and length of service, a hierarchical linear regression was computed.

When respondent's designation, age, education level, gender and length of service were entered alone, they predicted strategic decision making; $F=7.248$, $p<.001$, adjusted $R^2=0.172$, implying that only 17.2% of the variance in strategic decision making could be predicted by the control variables (designation, age, education level, gender and length of service).

The regression results further showed that only two control variables (designation and length of service) had a significant influence on strategic decision making confirming the upper echelons theory that employees in the top management team are the ones involved in strategic decision making while length of service implies a firm manager's experience in strategic decision making. Length of service is also supported by [12] who posit that scripts (responses) really influence decision making. That is scripts thought of as preprogrammed responses that are based on previous experiences or information. This implies that a manager's work experience enables him/her build some mental images that assists him/her go through a process of screening incoming information when engaging in the strategic decision making process. Age, education level and gender were not statistically significant hence dropped from subsequent analysis.

When Emotional Self-Awareness was subsequently added in the analysis, it significantly predicted strategic decision making confirming the fitness of the multiple regression model;

$$y = \beta_0 + \beta_1 CD + \beta_2 CLS + \beta_3 SA + \epsilon$$

As can be ascertained in the results, the beta coefficient for Self-Awareness was $\beta=.368$; $p=0.000$ at $P<.001$ showing that Self-Awareness is positively related to strategic decision making and a unit increase in emotional self-awareness, strategic decision making will significantly increase by 0.368 units with a standard error, 0.073. This implies that a manager who is aware of his/her emotions will positively influence strategic decision making in the firm.

4. Discussion

The central focus of this research was to test the effect of emotional self-awareness on strategic decision making in private school enterprises in Nairobi County, Kenya. The study results revealed a beta coefficient for self-awareness as $\beta=.368$; $p=0.000$ at $P<.001$ implying that self-awareness is positively and significantly related to strategic decision making and a unit increase in emotional self-awareness, strategic decision making will significantly increase by 0.368 units with a standard error 0.073. This implies that a manager who is aware of his/her emotions will positively influence strategic decision making in the firm. The results are consistent with [22] who confirmed the emotional intelligence with self-awareness among its key dimension influences transactional and transformational leader's decision making for both short term and long term goals.

The study findings are also consistent with [23], [18] and [13] who did research in education sector and found significant relationship between school manager's emotional intelligence and their leadership styles hence influencing their decision making for both short term and long term organization goals.

The results also support [11] statement that self-awareness is a key dimension of emotional intelligence. That "*Self-Awareness as knowing one's emotions, recognizing a feeling as it happens-is the keystone of emotional intelligence.*" If someone knows their internal states of emotion, it allows self-control and leads empathy in others. Therefore,

developing managers' emotional intelligence, especially on self-awareness, through training and education is critical and necessary for organizations that aspire to engage in strategic decision making.

The study results therefore provide comprehensive backing for the effects of emotional self-awareness on strategic decision making by providing empirical evidence on the significant influence of emotional intelligence dimensions (self-awareness) on strategic decision making, thus supporting existing emotional intelligence theories and researches. For instance, [10] emotional intelligence model asserts that a person's emotional self-awareness really influences his/her behavior and decision making skills.

5. Conclusion

The research revealed that emotional self-awareness as a dimension of a firm manager's emotional intelligence is a significant predictor of strategic decision making. This suggest that in turbulent situations managers with high emotional self-awareness can weather the storm by focusing on strategic solutions to emerging and turbulent issues in a firm with a positive attitude rather than panicking, freaking and censuring employees or even planning exit from organization for fear of recurring failure. Moreover, emotional self-awareness prediction of strategic decision making indicate that strategic decision making in organizations is not always a controlled, deliberate, purely cognitive process, as it is often assumed but rather, the emotions that managers experience in response to positive and negative workplace happenings have a significant effect on strategic decision making processes and eventually, organizational-level outcomes.

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