THE ROLE OF ORGANIZATION STRUCTURE ON STRATEGY IMPLEMENTATION AMONG FOOD PROCESSING COMPANIES IN NAIROBI

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION; SCHOOL OF BUSINESS UNIVERSITY OF NAIROBI
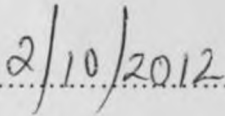
OCTOBER, 2012

DECLARATION

This management project is my original work and has not been submitted for a degree in any other University.
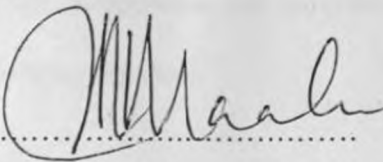
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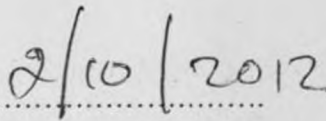

This management project has been submitted for examination with my approval as the University Supervisor.

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The journey to completing this study was one filled with many twists and turns. There were times of absolute excitement and there were times I was on the brink of giving up. Despite all that, this study is now complete, due to a number of incredible supportive and patient people whom I am greatly indebted to.

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DEDICATION

To my beloved parents Mr. John Ernest Kamau & Mrs. Nancy Kamau and the entire Kamau family for their unwavering support, love and encouragement throughout my studies.

ABSTRACT

In order to implement strategy effectively, it is crucial to consider several organizational issues. Several researchers have identified fundamental issues in strategy implementation, the most important being the structure, leadership style, resource allocation and culture. This study will focus mainly on structure as a crucial component of effective strategy implementation.

The objective of the study was to determine the role of organization structure on strategy implementation among food processing companies in Nairobi. The study used primary data that was collected through self-administered questionnaires. The study was analyzed by use of descriptive statistics to summarize and relate variables which were attained from the administered questionnaire.

The study established that organizational structures are influenced by multiple factors and that effective structures provide the stability a firm needs to successfully implement its strategies and maintain its current competitive advantages, while simultaneously providing the flexibility to develop competitive advantages that will be needed for its future strategies. Firms seem to prefer the structural status quo and its familiar working relationships until the firm's performance declines to the point where change is absolutely necessary.

The recommendations from the study were that during an implementation effort, it is important to have a clear organization structure in place. It should be clear who has the authority to make

decisions. When possible, management should try to ensure that the organization structure is clear, relatively decentralized and relatively formalized as decisions may be made more quickly. Clear procedures, rules and responsibilities may give organizational members certainty during an implementation effort. Furthermore, it may increase the motivation of organizational members. Also, a deliberate policy is needed on the part of Government to create a climate that is conducive and favorable to the growth, development and profitable operation of small, medium sized and large industries.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The study of strategic management is concerned with the relationship between an organization and its environment in order to be successful (Camillus, 1997; Covin, 1991; Mintzberg, Ahlstrand, & Lampel, 1998). Due to the dynamism of both the organization and the environment, the ability to adopt becomes even more important (De Wit & Meyer, 2004). Advancements in technology, communication and innovation have made it impossible for organizations to maintain the status quo in order to be competitive. Organizations need to have the ability to devise strategies which are vital for their survival. However, these strategies will not benefit organizations unless implemented successfully (Ginsberg, 1988; Hamel & Prahalad, 1989; Reid 1989). Although the importance of strategy implementation is widely acknowledged, strategy implementation remains a process which is poorly understood (Gupta & Govindarajan, 1984; Hamel & Prahalad, 1989; Reid, 1989; Waldersee & Sheather, 1996).

Strategic plans are often accompanied by parallel implementation plans, which outline responsibilities, timelines, resource requirements and organizational or operational changes required in order to deliver on the strategic plan initiatives. The term 'strategic plan' often is used as an umbrella term covering all these aspects, as they are all critical to the success of a strategic planning effort, and are all very much the focus of any such work we do. Each strategic plan has particular aspects that are related to the external environment, internal processes and structures, financial resources and human capabilities.

1.1.1 Organization Structure and Strategy Implementation

The relationship between strategy and structure was first described by business historian Chandler (1962) in his review of the growth and development of four large American firms; du Pont, General Motors, Standard Oil of New Jersey, and Sears, Roebuck and Company. He found that as each of these companies grew through a strategy of product diversification they implemented a divisional organizational structure. He defined structure as the design of organization through which the enterprise is administered. This design whether formally or informally defined has two aspects. It includes, first the lines of authority and communication between the different administrative offices and officers and, secondly the information and data that flow through these lines of communication and authority. Such lines and data are essential to assume the effective coordination, appraisal and planning so necessary in carrying out the basic goal and policies of an organization.

Burns and Stalker (1961) view structure as a process in itself, a means of holding together an organization so that it is able to determine its own destiny. Organization's that operate in dynamically changing and uncertain environments tend to need organic/ flexible structures and processes while more stable environments lend themselves to more familiar mechanistic bureaucratic structures. Organizational structure involves "decisions relating to division of tasks, authority and a set of coordination mechanisms" (Parthasarthy and Sethi, 1992).

The relationship between strategy and structure can be thought of in terms of utilizing structure for strategy implementation because structure is a means to an end, that is, to provide facilities

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for implementing strategy. Therefore, both should be integrated. In the absence of such integration, outcome may be confusion, misdirection and splintered effort within the organization. There can be various ways of designing an organization structure. However, the major issues involved in designing the structure to fit the strategy involve the answers of following three questions. What should be the different units of the organization? What components should join together and what components should be kept apart, and finally, what is the appropriate placement and relationship of different units?

Researchers have argued that the fit between the strategy and structure of a firm leads to better performance because the structure provides the necessary systems and processes essential for successful strategy implementation (Grinyer et al., 1980; Rumelt, 1974). However, research at the international level has yet to provide empirical evidence showing that firms that matched strategy and structure perform better than those that have not. Firms which are able to achieve a fit between their strategy and structure can create a significant competitive advantage, while firms that do not have a fit are left vulnerable to external changes and internal inefficiencies (Miles and Snow, 1984).

There are different views which describe the relationship between the chosen strategy and the organization structure. There is the prescriptive tradition and the proponents of the prescriptive tradition maintain that structure is dictated by strategy (eg Chandler and Williamson). The emergent school insists that the relationship is two way (eg Senge, Quinn and Mintzberg). There are other proponents who claim that strategy follows structure (Ansoff, 1965; Bower, 1970).

Scholars such as Burgelman (1983) claim that both chronologies can occur and that strategy and structure exist in a reciprocal relationship.

Structures are an essential part of strategy implementation (Whittington 2002). Since the technology and production environments constantly change in even the most stable industries, implementation is an ongoing process rather than a one shot allocation of resources. Strategy implementation is a vital component of the strategic management process. It is the summation of activities in which people use various resources to accomplish the objectives of the strategy (Higgins and Vincze 1986). According to Steiner et al (1989) implementation of strategies is concerned with the design and management of systems so as to achieve the best integration of people, structures, processes and resources in reaching organizational objectives. Strategy implementation is important but difficult because implementation activities take a longer time frame than formulation, involves more people and greater task complexity, and has a need for sequential and simultaneous thinking on part of implementation managers (Hrebiniak and Joyce 2001).

Strategy implementation almost always involves the introduction of change to an organization. Managers may spend months, even years, evaluating alternatives and selecting a strategy. Frequently this strategy is then announced to the organization with the expectation that organization members will automatically see why the alternative is the best one and will begin immediate implementation. When a strategic change is poorly introduced, managers may actually spend more time implementing changes resulting from the new strategy than was spent in selecting it. Strategy implementation involves both macro-organizational issues (e.g.,

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technology, reward systems, decision processes, and structure), and micro-organizational issues (e.g., organization culture and resistance to change).

Hage (1965) instrument measuring organic and mechanistic structure will be used to measure the structural value. The instrument which includes two items for each of the four variables (formalization, stratification, complexity, and centralization) is administered through a questionnaire administered to senior managers in the selected companies asking them to indicate to which extent the four structural variables best describes the structure in their company. Responses are measured using a 5 point, appropriately anchored, Likert scale.

1.1.2 The Food Processing Industry in Kenya

Kenya has a relatively well developed food processing industry which is mainly agro-based. According to Kenya Economic Survey (2009) a wide spectrum of food processing industries exist today and are classified into the following sub-sectors; meat and dairy products, canned vegetables, fruits, fish, oils and fats, grain milling products, bakery products, sugar and confectionery, miscellaneous foods, beverage and tobacco. These food items are produced for both the domestic and foreign markets. Food processing is thus one of the key activities in Kenyan's Agro-processing industry. (Kenya Association of Manufacturers Newsletter, 2009). Total number of registered food processors was 1,070, providing 89,319 jobs and processing inputs valued at $2,613 million (Kenya National Bureau of Statistics (KNBS) 2009). The macroeconomic performance of the Kenyan economy improved significantly in 2010 compared with 2009. While the economy grew by 2.6% in 2009, it is estimated that the growth rate of gross domestic product (GDP) nearly doubled to reach 5.0% in 2010. The increase in growth can

be attributed to the good rainfall during 2010 and higher prices for Kenyan exports on world markets. The abundance of agricultural output, coupled with increased competition in some key services, helped the growth of the affiliate sectors of the Kenyan economy including the food processing industry in 2010 (Kenya Economic Survey, 2011).

Nairobi is the capital city of Kenya and is also the largest industrial hub in East and Central Africa. Food processing companies in Nairobi range from small family owned businesses to large businesses listed on the Nairobi Stock Exchange and subsidiaries of foreign or multinational companies. Major multinationals have established operations in Nairobi as foreign companies or as joint ventures with Kenyan shareholding to supply the domestic and neighboring markets. These businesses include Coca Cola, Nestle, Unilever, Unga Group, Farmers Choice, Proctor and Allan, East African Breweries, True Foods, Cadbury Kenya, among others (Kenya Association of Manufactures Newsletter 2009). Food processing companies are intensely competitive with respect to price, service, location and product quality. There are many well-established competitors in this sector with substantial financial resources and have been in existence for a long time. However, food processing companies in Nairobi are constrained by power shortages and failure, unreliable water supply, deteriorated infrastructure, insecurity, high rent charges, inadequate supply of raw materials that are seasonal, cheap imports, technological and skill challenges, high transport costs, high interest rates for short and medium term borrowing and excessive government regulations to mention a few. (Bindra S.,"Doing Business in Kenya Still Too Hard", The Sunday Nation, Nairobi, 15th October 2006). Hence, the increased cost of doing business. For the purpose of this study, Nairobi excludes adjacent towns such as Limuru, Machakos, Kangundo and Kajiado.

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1.2   Research Problem

Ever since Chandler's pioneering work Strategy and Structure (Chandler, 1962) researchers in the policy and strategy field have paid close attention to the relationship between an organization's administrative structure and its strategy. The 1960's and the 1970's saw a period of intense empirical work, as researchers collected data from many corporations, to trace the evolution of the organizations' structure in response to product diversification and geographical expansion (Wrigley 1970, Channon 1971, Stopford and Wells 1972, Rumelt1974). This empirical work supported Chandler's thesis that 'structure follows strategy' and showed for example that companies following a strategy of product diversification are generally more successful if they adopt a multi-divisional structure, rather than a functional structure.

In the world of management, increasing numbers of senior managers are recognizing that one of the key routes to improved business performance is better implementation of strategic plans. However, at the same time, it is also understood that implementation of strategic plans is one of the more difficult business challenges facing today's managers. Within this, management ability, or competence, is seen as an important contributor to achieving this aim (Drucker, 1992). All organizations, whether private or public face a common challenge when implementing a new strategic initiative: how to successfully manage the changes that will occur as the new initiative is deployed. Great strategies are worth nothing if they cannot be implemented (Okumus and Roper 1999). It can be extended to say that better to implement effectively a second grade

strategy than to ruin a first class strategy by ineffective implementation. Less than 26% of formulated strategies get implemented (Mintzberg, 1994).

The food processing industry in Kenya plays an important role of availing food products to the Kenyan consumers, providing revenue to the government through taxes and employment to Kenyans. The food industry is important as it caters for the needs of the entire Kenyan population of about forty million people. It's estimated that between three to four million people depend on processed foods for their daily consumption in urban areas. With the liberalization of Kenya's economy, the number of food processing companies has gone up which has resulted in increased competition, leading to reduced market share as well as profits. The food processing companies operating in Nairobi have been largely affected by factors such as relative cost advantage, which could be due to application of different operating strategies and different organizational structures. It's critical that an organization's structure be examined to ensure that it facilitates implementation. If it does, then it should be left alone. If it inhibits implementation, then restructuring is justified.

Several studies have been carried out on strategy – structure relationships in different companies. Matseshe (1999) studied structure and strategy relation in the Kenyan enterprises. Mwangi (2003) undertook a study on strategy and structure relationship in locally owned pharmaceutical manufacturing companies and multinational pharmaceutical companies operating in Kenya. Ciano (2006) researched on strategy, structure relationship at Kenya Power and Lighting Company. Muthoka (2008) carried out a survey of strategy - structure relationship in multinational banks operating in Kenya. None of these studies have made a clear distinction on the importance of structure to strategy implementation. Generally, the topic and role of

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implementation is a neglected and overlooked area in strategic management literature. Published research reveals greater emphasis on strategy formulation but very little on implementation. It is in this light that the researcher seeks to fill the academic gap that exists by carrying out a study on the role of organization structure on strategy implementation in food processing companies in Nairobi. The research question that was most appropriate for the research to be carried out was: What is the role of organization structure on strategy implementation among the food processing companies in Nairobi?

1.3   Objectives of the Study

This study has two objectives,

i.   To determine the role of structure in strategy implementation among the food processing companies in Nairobi.

ii.   To identify the factors that influence strategy – structure fit among the food processing companies in Nairobi.

1.4   Value of the Study

This study has both academic, policy and practical significance.

To academicians, business researchers and scholars as they will be able to borrow from the findings of this research to support literary citations as well as develop themes for further research.   Specifically, the study hopes to make theoretical, practical and methodological contributions. Given the significance of this area, both academicians and practitioners acknowledge there is a lack of understanding about strategy implementation.

They further identify strategy implementation as the most important area for future research inquiry.

Business people or entrepreneurs can use the findings from this study to aid them in implementing their organizational strategies. The findings will also enable entrepreneurs appreciate how strategy- structure relationship contributes to a firm's performance in a changing environment. For practicing managers, study is extremely important because it ascertains whether organizations need to adopt strategies for effectively competing in the industry.

To Government by assisting its officials in formulating pertinent policies, legislation and guidelines that will better tackle the dynamics involving food security, taxation and employment. Liberalization measures had been expected to bring about faster growth and ensure food availability to all people at all times. This has however not been realized as policies have not been properly formulated, coordinated, synchronized and harmonized.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from the available literature in the same field of study. The specific areas covered here are Concept of strategy, Organization structure, Implementing Strategy and Strategy – Structure – Implementation.

2.2 Concept of Strategy

During the 60s and 70s, strategy came to be seen as being synonymous with corporate strategy and it was conceptualized as a formal science characterized by rational analysis and mechanistic approaches to planning. This approach to strategy became known as the classical perspective and was typified by the writings of Chandler (1962) and Igor Ansoff (1965). In the 1980s, strategy began to be re-conceptualized. Strategy was reinterpreted as a competitive process of natural selection and of survival being regulated by the external market (Hannan and Freeman, 1987). Researchers have also conceptualized strategy as focusing on the core business (Peters and Waterman, 1982), the achievement of competitiveness focused on product-market positioning (Porter, 1980) and strategic change and renewal and the match between the organization and its environment (Pettigrew, 1985). The main goal of these different approaches was to develop an understanding of how firms could achieve competitiveness - this approach could be labeled the competitiveness perspective. Strategy was also seen as being incremental, emergent and crafted; under the influence of individual's emotions, imperfections and skills; and, a continued process of adaptation through learning and experience (Mintzberg, 1987, Quinn, 1980). This approach to strategy became known as the processual perspective. In the 1990s, the emphasis in the strategy

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literature shifted away from an emphasis on issues external to the firm (e.g. market structure and the industry environment) towards the organisation's internal processes and competences (Leavy, 1996). Sustainable competitive advantage was seen to arise from the development of distinctive organisational capabilities and competences, i.e. skills and resources (Pralahad, and Hamel, 1990), which led to a perspective on strategy based on the resource-based theory of the firm (see Wernerfelt, 1984, Grant, 1991b, Black and Boal, 1994, Rumelt et al, 1991). More recently, strategy has become characterised in the literature as being synonymous with knowledge management. Knowledge management is seen as the creation of an organisational support system that produces, shares and applies knowledge. As Sanderson (1998:10) noted the: "key to strategic advantage as a basis of competitive success will be the ability of organisations to manage knowledge."

2.3   Organization Structure

Organizational structure institutionalizes how people interact with each other, how communication flows, and how power relationships are defined (Hall, 1987). The structure of an organization reflects the value-based choices made by the company (Quinn, 1988; Zammuto and O'Connor, 1992); it refers to how job tasks are formally divided, grouped, and coordinated. Organizational structure is also the way responsibility and power are allocated, and work procedures are carried out, among organizational members (Blau, 1970; Dewar and Werbel, 1979; Germain, 1996; Gerwin and Kolodny, 1992; Ruekert et al., 1985; Walton, 1985). Organizations are based more on teamwork, face-to-face interactions, learning, and innovation. Qualities traditionally considered egalitarian such as equality, empowerment, horizontal relationships, and consensus building become more important (Daft, 1995; Burns and Stalker,

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1961). Organizational structure is partly affected by the firm's external environment (Bourgeois et al., 1978; Duncan, 1972; Hrebiniak and Snow, 1980; Lawrence and Lorsch, 1967). Research suggests that firms organized to deal with reliable and stable markets may not be as effective in a complex, rapidly changing environment (Gordon and Narayanan, 1984; Spekman and Stern, 1979). The more certain the environment, the more likely the firm's organizational structure may have a centralized hierarchy, with formalized rules and procedures (Lawrence and Lorsch, 1967). Organizations that operate with a high degree of environmental uncertainty may decentralize decision-making (Ruekert et al., 1985), rely less on formal rules and policies (Jaworski, 1988), and flatten their hierarchies (Walton, 1985). Organizational structure has multiple dimensions, and Damanpour (1991) provides a rather thorough probe into the relationships between organizational determinants and innovation. Daft (1995) provides a list that includes formalization, specialization, standardization, hierarchy of authority, complexity, centralization, professionalism, and personnel ratios.

2.4 Strategy – Structure relationship

Chandler (1987) defined strategy as the determination of the basic long-term goals and objectives of an organization, and the other adaptation of course of action and the allocation of resources necessary for carrying out these goals. His research suggested that, once a strategy was developed, it was inevitable to take into consideration the respective structure required to carry out the strategy so developed. In spite of the fact that organizations modify their development to be in accordance with technological, economic and demographic changes, new strategies create administrative problem and economic inefficiencies. Accordingly, structural changes are needed to address these issues.

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Other scholars emerged after Chandler with different views to describe the relationship between the chosen strategy and the organization structure. Mintzberg and Quinn (1991) hold the view that strategy – structure relationship can be described as interdependent. Where the strategy is emergent, the learning and experimentation involved may need a more open and less formal organization structure. In their understanding, it does not matter which one comes first, structure or strategy since the two are invariably interwoven.

The prescriptive approach to strategy – structure relationship that supports that structure follows strategy, recommended that strategy be formulated first and then the respective organization structure developed to support implementation of the strategy. Chandler (1987) had amassed empirical evidence from his study of a number of American firms. Chandler's view was supported by Williamson (1975) who evaluated through his studies on centralized structures of organizations including full implications of diversity that chandler had not evaluated. Chandler identified four key parameters for strategy growth and firm performance that would influence organizational structure as being expansion of volume, geographical expansion, vertical integration, and product diversification. However, strategic change from a prescriptive approach has been challenged by Quinn (1980) as being over-simplistic as it assumes it is possible from the onset to choose precisely the strategies an organization needs to introduce. He asserts that simple strategic solutions may be unavailable and particularly where the changes are complex and controversial. Organization structure may be unable to cope with the obvious solutions for reasons of culture, people involved and organizational political pressures.

Structure even involves physical re (arrangement) - often a powerful aspect of strategy that needs to be carefully considered. Location and relocation of people within an organization can be

important with regard to communications, dynamics and perceptions and believes about roles and hierarchy. The importance of strategy – structure is; gives a focus, integrates, enables delegation, provides a framework, requires pro-activity and demands data gathering and analysis (McCalman and Paton, 1992)

2.5 Implementing strategy

The starting point of implementation (Ansoff 1984; Higgins 1990; Pearce and Robinson 1996; Yavitz and Newman 1982) is the selection and transformation of organization structure. The basis of strategy implementation is the coordination of goals and tasks, resources and control. Structure and system interconnect in many cases since both are wide and abstract concepts. Many systems-oriented authors link implementation with goal setting practices. Goal setting is a systematic practice very often associated with strategy in many organizations. Goal setting is closely associated with management by objectives (MBO) and associated literature. (Mintzberg et al 1995; Johnson and Scholes 1999; Shrivastava 1994; Thompson and Strickland 1995; Judson 1990) go on to mention a third variable for strategy implementation in addition to structure and systems: the required cultural measures in the organization.

Miller (1997) identified ten factors which were important for successfully implementation in the manufacturing sector and they were Backing, assessability, specificity, cultural receptivity, propitiousness, familiarity, priority, resource availability, structural facilitation and flexibility.

(Alexander 1985; Wessel 1993; and Al-Ghandi 1998) identified the problems in implementing strategies to include, longer time than expected, unanticipated problems, ineffective coordination, distraction, inadequate preparation, external factors, leadership problems, key people leaving the organization, lack of clarity in objectives, poor communication, conflicting priorities, ineffective, management, inter-functional conflicts, unclear strategies, lack of

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stakeholder commitment, failure to understand progress, lack of employee commitment and inadequate resources.

2.6   Strategy – Structure – Implementation

Drazin and Howard (1984) see a proper strategy-structure alignment as a necessary precursor to the successful implementation of new business strategies. They point out that changes in the competitive environment require adjustments to the organizational structure. If a firm lags in making this realignment, is may exhibit poor performance and be at a serious competitive disadvantage. Gupta (1987) examines the relationships between SBUs strategies, aspects of the corporate-SBU relationship, and implementation and finds that structures that are more decentralized produce higher levels of SBU effectiveness, regardless of the strategic context. Schaap (2006) also suggests that adjusting organizational structure according to perfect strategy can ensure successful strategy implementation. It is thus obvious that strategy implementation is a key challenge for today's organizations. There are many (soft, hard and mixed) factors that influence the success of strategy implementation, ranging from the people who communicate or implement the strategy to the systems or mechanisms in place for co-ordination and control. How can we better understand these issues and their importance for successful strategy implementation?

Noble (1999) makes a distinction between structural and interpersonal process views on strategy implementation. The structural perspective focuses on formal organizational structure and control mechanisms, while the interpersonal process is about understanding issues like strategic consensus, autonomous strategic behaviors, diffusion perspectives, leadership and implementation styles, and communication and other interaction processes. An overriding

premise from the literature on strategy–structure alignment is that certain moderating factors may affect an optimal strategy–structure alignment and that organizations with a certain strategy–structure configuration may have a higher or lower performance than other organizations with similar strategy–structure configurations (Dess, Lumpkin and Covin, 1997; Dess,Rasheed, McLaughlin and Priem, 1995; Lengnick-Hall,1992). Organizational Structure is different in each business. Olson et al. (2005) mention that organizational structure (such as formalization, centralization, specialization, and integration) is a critical component of strategy implementation.

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CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involved a blueprint for the collection, measurement and analysis of data. This section was an overall scheme, plan or structure conceived to aid the researcher in answering the raised research question. In this stage, most decisions are about how the research was executed and how respondents were approached, as well as when, where and how the research was completed. Therefore, in this section the research identified the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections are included; research design, population, data collection instruments, data collection methods and finally data analysis.

3.2 Research Design

A research design is a program that guides the investigator in the process of collecting, analyzing and interpreting observations (Chava and Nathmias, 2005). It allows inferences concerning causal relations and defines the domain of generalizability. This study used a survey design. The survey collected data and information aimed at identifying what managers considered as the role of organization structure on strategy implementation among food processing companies in Nairobi.

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3.3　Population of the Study

The population for this study was all companies in the food processing sector located in Nairobi. According to Kenya Association of Manufacturers Newsletter, December 2011, there are 64 food processing companies operating in Nairobi as presented in Appendix 3. Since this is not so large, then a census survey was used.

3.4　Data Collection methods

Primary data was used in this survey. The primary data was collected through a questionnaire with structured questions and a few unstructured questions. The questionnaire contained questions relating to the organization structure and organization strategy and focused on changes which have occurred over the last 10 years period of time. The questionnaire contained three main parts. Section A gathered information on the demographic data of the respondent; Section B gathered information on structure - strategy relationship while Section C gathered information relating to factors that influence strategy – structure fit.

The respondent consisted of the Chief Executive Officer (CEO) or any one senior manager conversant with all the details of the organization. The reason for picking one person per organization was because of the large population of companies involved.

The questionnaires were self-administered after hand delivery to be picked later.

3.5   Data analysis method

Data collected was mainly quantitative. Data analysis was conducted using descriptive statistics, which included measures of central tendency, measures of variability and measures of frequency among others. According to Mugenda and Mugenda (2003) descriptive statistics enable meaningful description of a distribution of scores or measurements using a few indices or statistics measures of central tendency. Measures of variability, such as standard deviation, informed the analyst about the distribution. Frequency distribution showed a record of the number of times a score or record appeared. The Statistics Package for Social Scientists (SPSS) program was used to analyze the data and the output presented in form of tables for easier interpretation and deduction. The study also used regression analysis to test the relationship between seven elements of strategic fit and strategy implementation. The model took the following form:

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \beta_4 \chi_4 + \beta_5 \chi_5 + \beta_6 \chi_6 + \beta_7 \chi_7 + \epsilon$$

Where: Y = dependent Variable (Strategy Implementation)

β_0 = the constant

$\chi_1 - \chi_7$ = independent variables (Systems, Style, Staff, shared values, Skills, Strategy, Structure)

ϵ = error term

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CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The data was gathered exclusively from the questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study.

4.1.1 Overview of data collected

A total of 64 questionnaires were sent to every organization in the study population. Out of this, 36 were filled representing a 56% response rate. This was considered satisfactory. The questionnaire targeted CEOs or a senior manager who was conversant with all the operations of the organization. All respondents were senior managers. The main reasons invoked for not participating by CEO's in the study were: an internal policy not to participate in surveys, time constraints, too many solicitations to answer surveys and privacy concerns.

Table 1 Response Rate

	Frequency	Percentage
Responded	36	56%
Not Responded	28	44%
Total	64	100%

4.1.2 Respondents Profile

From the 36 companies that formed the study group 47% were local while 53% had characteristics of both as represented in table 2 below.

Table 2 Ownership of the Organization

	Frequency	Percentage
Local	17	47%
Foreign	0	0%
Both	19	53%
Total	36	100%

Source: Research data

The survey found out that all companies are Limited Liability companies as presented in table 3 below.

Table 3 Type of Business

	Frequency	Percentage	Cumulative Percentage
Limited Liability Company	36	100%	100%
Partnership	0	0%	0%
Cooperative	0	0%	0%
Total	36	100%	

Source: Research data

The survey found out that 97% of companies have been in operation in Kenya for more than 10 years while only 3% have operated for less than 10 years. This illustrates that the majority of companies are well established.

Table 4 Years of Operation

	Frequency	Percentage	Cumulative Percentage
Less than 1 year	0	0%	0%
1 - 5 Years	0	0%	0%
6 -10 Years	1	3%	3%
Over 10 Years	35	97%	100%
Total	36	100%	

Source: Research data

The study sought to establish the annual sales turnover. The results are shown in table 5 below.

Table 5 Sales Turnover

(Millions 000's)	Frequency	Percentage	Cumulative Percentage
Less than 100	1	3%	3%
100 – 200	2	6%	9%
200 – 300	0	0%	9%
300 – 400	1	3%	12%
400 – 500	4	11%	23%
500 – 600	8	22%	45%
700 – 800	9	25%	70%
800 and above	11	30%	100%
Total	36	100%	

Source: Research data

The study sought to establish the size of the companies using the number of employees. The results are shown in table 6. Most companies further indicated that total number consisted of both day and night shift employees.

Table 6 Number of Employees

	Frequency	Percentage	Cumulative Percentage
Below 50	2	6%	6%
51 - 100	4	11%	17%
101 – 150	12	33%	50%
151 - 200	11	31%	81%
Over 200	7	19%	100%
Total	36	100%	

Source: Research data

The study also sought to identify the sectors that the food processing companies belong to and the results are stipulated in table 7.

Table 7 Sub-Sector

	Frequency	Percentage	Cumulative Percentage
Meat / Poultry / Fisheries	2	6%	6%
Diary (Milk)	1	3%	9%
Cooking Oils & Edible Fats	0	0%	9%
Grain Milling	5	14%	23%
Baking	3	8%	31%
Sugar & Confectionary	7	19%	50%
Alcoholic / Non Alcoholic Beverages	7	19%	69%
Fruits & Vegetables	0	0%	69%
Miscellaneous Foods (Portfolio of several products)	11	31%	100%
Total	36	100%	

Source: Research data

4.2 Strategy - Structure - Implementation

An organization's structural framework can be viewed as an important element relative to its overall strategy. It represents the means through which organizational resources are employed to meet organizational objectives and the accomplishment of the organization's purpose.

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The study sort to establish the number of years that strategic plans had operated in various organizations. 11% had plans of less than 2 years, 83% 3-5 years, 6% more than 5 years. In order for organizations to be efficient and effective, they need to develop strategic plans which offer direction and guide in resource utilization. The findings are indicated in table 8 below.

Table 8 Strategic Plan

	Frequency	Percentage	Cumulative Percentage
Less than 2 years	4	11%	11%
3 - 5 years	30	83%	94%
More than 5 Years	2	6%	100%
Don't Know	0	0%	
Total	36	100%	

Source: Research data

The study further sought to establish the growth pattern of each organization. The findings are indicated in table 9 below.

Table 9 Growth Pattern

	Frequency	Percentage	Cumulative Percentage
Volume	9	25%	25%
Geography	8	22%	47%
Integration	2	6%	53%
Product	17	47%	100%
Total	36	100%	

Source: Research data

The study sort to establish the dominant types of structure considered to be in place at each company. Findings are indicated in table 10 below.

Table 10 Type of Structure

	Frequency	Percentage	Cumulative Percentage
Functional organization structure	25	69%	69%
Geographic organization structure	4	12%	81%
Market / User organization structure	1	3%	84%
Product / Form organization structure	3	8%	92%
Matrix / Hybrid organization structure	3	8%	100%
Total	36	100%	

Source: Research data

A Likert scale of 1-5 was used to interpret the results of the study. The scores "**Not important**" and "**Less important**" were represented by mean score, equivalent to 1 to 2.5 on the continuous Likert scale (1 ≤ **Less important** ≤ 2.5). The scores of '**Moderately important**' were equivalent to 2.6 to 3.5 on the Likert scale (2.6 ≤ **Moderately important** ≤ 3.5). The score of "**Important**" and "**Highly important**" represented major contribution to the role of implementation. This was equivalent to 3.6 to 5.0 on the Likert Scale (3.6 ≤ **Important** ≤ 5.0).

Table 11 Importance of Change

	N	Mean	Std. Deviation
To improve shareholder value	36	4.47	0.654
To improve profitability	36	4.46	0.736
To maximize productivity	36	4.44	0.843
To reduce operational costs	36	4.42	0.806
To efficiently reach the market segment	36	4.25	0.996
To improve communication	36	4.25	0.967
To improve product quality	36	4.06	1.040
To improve service delivery	36	3.92	1.180
To improve evaluation of employee performance	36	2.72	1.560
Average		4.11	

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The respondents revealed that they considered; Improving shareholder value, Improving profitability, Maximize productivity, Reduce operational costs, Efficiently reaching the market segment, Improve communication, Improving product quality and Improving service delivery as important in an organization structure. This is shown by mean scores of 4.47, 4.46, 4.44, 4.42, 4.25, 4.25, 4.06 and 3.92 respectively on the continuous Likert scale. However, the respondents revealed that they considered improving evaluation of employee performance as moderately important as shown by a mean score of 2.72.

The study sought to identify whether process of matching structure to strategy in each organization is clear and visible. The findings are indicated in table 12 where all organizations indicated they matched strategy to structure.

Table 12 Matching Structure to Strategy

	Yes	No	Don't Know	Total
Identifying the activities required to achieve organizational objectives	36			36
Grouping up of these activities into workable units (Departmentalization)	36			36
Assigning duties and responsibilities to subordinates in order to achieve the tasks assigned	36			36
Delegating authority necessary and useful for the accomplishment of tasks assigned	36			36
Establishing superior - subordinate relationship	36			36
Providing a system of co-ordination for integrating the activities of individuals and departments	36			36

Source: Research data

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The study sought to identify whether building blocks of an organization structure in each organization are clear and visible. The findings are indicated in table 13 where all organizations identified these building blocks.

Table 13 Building Blocks of an Organization Structure

	Yes	No	Don't Know	Total
Chain of command	36			36
Departmentalization	36			36
Distribution of Authority (Centralization & decentralization)	36			36
Organization Chart / Height	36			36
Span of Control	36			36

Source: **Research data**

The study sought to identify the elements of organizing in an organization. The findings are indicated in table 14.

Table 14 Organizing

	N	Mean	Std. Deviation
Facilities administration, clarifies authority and defines jobs and roles	36	4.69	0.624
Facilitates coordination	36	4.39	0.803
Facilitates division of work and task specialization	36	4.33	0.862
Determines individual responsibility and offers sense of job security	36	4.19	0.889
Ensures growth, expansion and diversification	36	3.89	1.348
Ensures optimum utilization of human resources and technology	36	2.97	1.320
Stimulates creativity and scope for new changes	36	2.42	1.273
Average		3.84	

Source: **Research data**

The study shows that the respondents ranked Facilitates administration, clarifies authority and defines jobs and roles; Facilitates coordination, Facilitates division of work and task specialization and Determines individual responsibility and offers sense of job security as most important activities in organizing as key to organization structure and design. This is shown by means scores of 4.69, 4.39, 4.33, and 4.19 respectively on the continuous Likert scale. The respondents however ranked; Ensures optimum utilization of human resources and technology as moderately important with a mean score of 2.97 whereas Stimulates creativity and scope for new changes was ranked as less important with a mean score of 2.42.

The study sought to identify the elements of structure in an organization. The findings are indicated in table 15

Table 15 Elements of Structure

	N	Mean	Std. Deviation
Decision making and consensus building	36	4.97	0.167
Flow of information and communication	36	4.92	0.368
Reporting structure and chain of command	36	4.78	0.540
Evaluating performance, efficiency and effectiveness	36	4.47	0.774
Setting and achieving goals and objectives	36	4.33	0.862
Motivation and morale personnel	36	4.17	1.231
Customer focus and flexibility in serving customers	36	3.72	0.779
Average		4.48	

Source: Research data

The study shows that the respondents ranked all the elements of structure in the organization as important, the elements were ranked in their order of importance as shown: Decision making and consensus building (4.97); Flow of information and communication (4.92), Reporting structure and chain of command (4.78), Evaluating performance, efficiency and effectiveness (4.47) Setting and achieving goals or objectives (4.17), and Motivation and morale of personnel (3.72).

The study sought to identify the factors that influence organization structure in an organization. The findings are indicated in table 16

Table 16 Factors that Influence Organization Structure

	N	Mean	Std. Deviation
Strategy and philosophy	36	4.89	0.398
Degree of formalization and centralization	36	4.89	0.319
Organization size and age	36	4.31	0.980
Control and coordination mechanisms	36	4.30	0.710
Competition	36	4.08	1.131
Differentiation- vertical and horizontal	36	3.97	1.230
Environment and culture	36	3.83	0.811
Technology- To drive efficiency and cost effectiveness	36	2.53	1.383
Industry standards	36	2.42	1.779
Compliance and legal requirements	36	2.31	1.327
Average		3.75	

Source: Research data

On the factors that influence organization structure; the respondents ranked the following factors as important: Strategy and philosophy (4.89), Degree of formalization and centralization (4.89), Organization size and age (4.31), Control and coordination mechanisms (4.30), Competition (4.08), Differentiation (3.97) and Environment and culture (3.83). However, the respondents ranked Technology, Industry standards, Compliance and legal requirements as less important factors as shown by mean scores of 2.53, 2.42 and 2.31 respectively.

The study sought to identify importance of elements of control to strategy implementation in an organization. The findings are indicated in table 17 below where all organizations could relate to these elements.

Table 17 Elements of Control that influence Organization Structure

	Yes	No	Don't Know	Total
Policy, Procedure & Guidelines	36			36
Identifying differences between actual & expected results	36			36
Suggesting which corrective action to take when actual & expected are different	36			36

Source: Research data

The study sought to identify whether important questions are considered before strategy implementation commences. The findings are indicated in table 18 below.

Table 18 Important Questions for consideration before Strategy Implementation

	Yes	No	Don't Know	Total
Does the strategy fit with what's going on in the environment?	36			36
Are the elements of strategy internally consistent?	36			36
Does the strategy exploit key resources?	36			36
Will the envisioned differentiators be sustainable?	36			36
Are there enough resources to pursue the strategy?	36			36
Is the strategy implementable?	36			36

Source: Research data

The study sought to identify the components of strategy implementation. The findings are indicated in table 19 below.

Table 19 Components of Strategy Implementation

	N	Mean	Std. Deviation
Strategy supportive initiatives	36	4.94	0.232
Allocation of resources and commitment	36	4.92	0.280
Executors and leadership	36	4.92	0.280
Decision making and consensus	36	4.89	0.319
policies, procedures and guidelines	36	4.81	0.525
Nurturing relations- Employees and strategic partners	36	4.78	0.485
Information, communication systems and control mechanism	36	4.58	0.692
Adoption of best practices and continuous improvements	36	4.53	0.878
Rewards and incentives	36	4.36	0.833
Organizational and restructuring and modification to fit chosen strategy	36	4.00	1.069
Environment and culture	36	3.39	1.076
Shared values and norms	36	3.36	1.150
Market orientation	36	2.53	1.230
Average		4.31	

Source: Research data

The study shows that the respondents ranked the following components of strategy implementation process as important: Strategy supportive initiatives (4.94), Allocation of resources and commitment (4.92), Executors and leadership (4.92), Decision making and consensus (4.89), policies, procedures and guidelines (4.81), Nurturing relations- Employees and strategic partners (4.78), Information, communication systems and control mechanism (4.58), Adoption of best practices and continuous improvements (4.53), Rewards and incentives (4.36), Organizational restructuring and modification to fit chosen strategy (4.00). However, the respondents ranked Environment and culture; and Shared values and norms as moderately important as shown by the mean scores of 3.39 and 3.36 respectively on the continuous Likert scale. Market orientation was ranked as less important with a mean score of 2.53.

As found out in the literature review, strategy implementation is a challenging and complex aspect for managers in most organizations today. The study sort to identify the extent to which some perceived challenges affect organizations. The findings are indicated in table 20 below.

Table 20 Barriers to Implementation

	N	Mean	Std. Deviation
Lack of upper management/shareholder support	36	4.92	0.280
Conflict with executive power	36	4.92	0.280
Poor/vague strategy communication	36	4.89	0.319
Poor and inadequate information	36	4.81	0.467
Unclear communication	36	4.78	0.422
Lack of guidelines for initiating, controlling and executing implementation process	36	4.78	0.485
Inability to manage change effectively	36	4.52	0.774
Lack of ownership of implementation process	36	4.44	0.809
Lack of understanding of role of organization structure	36	4.31	0.577
Key people leaving the organization	36	4.06	1.330
Lack of rewards and incentives	36	3.72	1.406
Environmental uncertainty	36	2.56	1.229
Average		4.39	

Source: Research data

The following were ranked high as barriers to effective strategy implementation; Lack of upper management/shareholder support (4.92), Conflict with executive power (4.92), Poor/vague strategy communication (4.89), Poor and inadequate information (4.81) Unclear communication (4.78), Lack of guidelines for initiating, controlling and executing implementation process (4.78), Inability to manage change effectively (4.52), Lack of ownership of implementation process (4.44), Lack of understanding of role of organization structure (4.31), Key people leaving the organization (4.06), Lack of rewards and incentives (3.72). However, the respondents ranked Environmental uncertainty as less important as shown by mean scores of 2.56 on the continuous Likert scale.

4.3 Strategy – Structure Fit

Consultants at McKinsey & Company developed the 7S model in the late 1970s. The 7-S model is a tool for managerial analysis and action that provides a structure with which to consider a company as a whole, so that the organization's problems may be diagnosed and a strategy may be developed and implemented. To be effective, organizations must have a high degree of fit, or internal alignment among all the seven Ss. Each S must be consistent with and reinforce the other Ss. All Ss are interrelated, so a change in one has a ripple effect on all the others.

The study sought to establish whether organizations can identify elements of fit. The findings are presented in table 21 below.

Table 21 Structure Fit

	N	Mean	Std. Deviation
Structure - (The division of tasks as shown on the organization chart)	36	4.86	0.424
Strategy - (The coherent set of actions selected as a course of action)	36	4.83	0.447
Style - (How management behaves)	36	4.78	0.485
Systems - (The process and flow that show how an organization gets things done)	36	4.61	0.599
Shared values - (Values shared by all in the organization)	36	4.44	0.558
Skills - (Capabilities possessed by the organization)	36	4.25	0.732
Staff - (the people in the organization)	36	4.00	0.632
Average		4.54	

Source: Research data

The study shows the respondents ranked all the elements as important in the following order; Structure (The division of tasks as shown on the organization chart) (4.86); Strategy (The coherent set of actions selected as a course of action) (4.83); Style (How management behaves) (4.78); Systems (The process and flow that show how an organization gets things done) (4.61); Shared values (values shared by all in the organization) (4.44); Skills (Capabilities possessed by the organization) (4.25) and Staff (the people in the organization) (4.00).

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Regression Analysis

The study applied the following regression model to test the relationship between seven elements of strategic fit and strategy implementation.

$$Y = \beta_0 + \beta_1 \chi_1 + \beta_2 \chi_2 + \beta_3 \chi_3 + \beta_4 \chi_4 + \beta_5 \chi_5 + \beta_6 \chi_6 + \beta_7 \chi_7 + \epsilon$$

Where: Y = dependent Variable (Strategy Implementation)

β_0 = the constant

χ_1-χ_7 = independent variables (Systems, Style, Staff, shared values, Skills, Strategy, Structure)

ϵ = error term

Table 22 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.795(a)	0.633	0.541	0.525

a Predictors: (Constant), Systems, Style, Staff, Shared Values, Skills, Strategy, Structure

R^2 is called the coefficient of determination; it tells us how the dependent variable (Strategy implementation) varied with the independent variables (Systems, Style, Staff, Shared values, Skills, Strategy, and Structure). The value of the adjusted R^2 is 0.541 which implies that the independent variables explained 54.1% of the strategy implementation (dependent variable).

ANOVA (b)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.266	7	1.895	6.886	.000(a)
	Residual	7.706	28	0.275		
	Total	20.972	35			

a Predictors: (Constant), Systems, Style, Staff, Shared values, Skills, Strategy, Structure

b Dependent Variable: Strategy Implementation

The study used ANOVA to establish the significance of the regression model from which an F-significance value of $p<0.001$ was established. This shows that the regression model has a less than 0.001 likelihood (probability) of giving a wrong prediction. Hence the regression model has a 99.9% confidence level.

Table 23 Coefficients (a)

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.466	1.778		0.262	.795
Systems - (The process and flow that show how an organization gets things done)	0.835	.169	.646	4.926	.000
Style - (How management behaves)	-0.069	.193	-.043	-.356	.725
Staff - (The people in the organization)	-0.076	.162	-.062	-.472	.640
Shared values - (Values shared by all in the organization)	0.344	.208	.248	1.653	.110
Skills - (Capabilities possessed by the organization)	0.149	.142	.140	1.047	.304
Strategy - (The coherent set of actions selected as a course of action)	0.225	.219	.130	1.028	.313
Structure - (The division of tasks as shown on the organization chart)	-0.313	.239	-.172	-1.311	.201

a Dependent Variable: Strategy

The following regression equation was established:

$$Y = 0.466 + 0.835X_1 - 0.069X_2 - 0.076X_3 + 0.344 X_4 + 0.149X_5 + 0.225X_6 - 0.313X_7$$

The study shows that there is there is positive relationship between strategy implementation and Systems, Shared values, Skills and Strategy. This implies that an increase in any of the variable will lead to a unit increase in strategy implementation. The study further shows that there is a positive relationship between strategy implementation and systems as shown by a P value. (P=0.000 <0.005)

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the findings, conclusions & recommendations. The conclusions are drawn from the objectives of the study.

5.2 Summary of findings

The objectives of the study were to determine the role of organization structure on strategy implementation as well as identify the factors that influence strategy - structure fit among the food processing companies in Nairobi.

Findings from the study indicate that organizational structure is very important in enabling the distribution of tasks and authority as this distribution is vital in facilitating processes such as delegation and collaboration across the entire organization. Organization structure allows for the existence of a chain of command which facilitates administration, clarifies authority and defines jobs and roles, facilities coordination and facilities division of task and work specialization.

Findings further show that organizational structure is particularly important in facilitating achievement of values, goals, targets and objectives set by management. Structures can have an effect on company-wide measures of performance such as improving shareholder value, improving profitability, maximizing productivity, reducing operational costs, efficiency in penetrating market segments as well as improvements in product quality and service delivery. Structure is equally important in evaluating employee performance as it is such performance that determines an organization's success in terms of efficiency and effectiveness.

Organizational structure is also important for decision making and consensus building. It is in the context of organizational culture that members of an organization participate in the decision making process which in turn determines the degree of formalization, centralization or decentralization. It further determines which strategy supportive initiatives to be adapted, how to allocate and commit resources, as well as execution or leadership style(s) to adapt.

Organizational structure is equally important in enabling companies to better manage change in the market place including consumer needs, government regulation and new technology. Changes in the external environment can produce dynamic adjustments in the firm's internal patterns of communication, information flow and connectedness which will definitely affect outcomes or the value and quality created and offered to customers or clients. Findings also acknowledge the importance of the seven elements of fit to strategy implementation, the most important being Structure, Strategy and Style.

Finally, the findings acknowledged the existence of barriers or challenges to the implementation process which should not be ignored. Understanding and trying to avoid these challenges helps to facilitate and implement successful processes. Some of the key challenges identified include, lack of upper management or shareholder support, conflict with executive power, poor or vague communication, guidelines or information and poor resource allocation among others. Organizational structure is therefore critical in determining strategy design and implementation of chosen strategies.

5.3 Conclusion

The study concluded that when a structure's elements are properly aligned with one another, the structure facilitates effective implementation of the firm's strategies. The study further observed that developing an organizational structure that effectively supports the firm's strategy is difficult, especially because of the uncertainty in the rapidly changing and dynamic competitive environment. Therefore, managers need to improve on their understanding of the nature of organization structures, the design principles and the key role they play in improving organizational performance, enhancing sustainability prospects and satisfying the human dimension. This understanding will further facilitate the development of new structural forms that are more resonant with the times, designed to respond to conditions of rapid change and uncertainty and finally break away from past approaches that are no longer relevant and in some cases damaging to organizations and individuals.

5.4 Limitations of the study

All research studies have several limitations and this study is no exception. Given such an ambitious endeavor, the research findings have inherent limitations. This study suffered from low number of responses. Not all companies responded to the questionnaire sent out. In addition, this study was limited by the fact that it contained only quantitative research in the form of a survey. Future studies would benefit from first performing qualitative research on structure to provide further insight into each organizational structure before formulating the questionnaire.

5.5   Recommendations with policy implications

The constraints or barriers identified in the study partly explain the reasons behind the not-so-good performance recorded by food processing companies in Nairobi during the period of the study. The following actions are therefore suggested to be taken by managers, stakeholders and the Government to improve the performances of food processing companies.

During an implementation effort, it is important to have a clear organization structure in place. It should be clear who has the authority to make decisions. When possible, management should try to ensure that the organization structure is clear, relatively decentralized and relatively formalized as decisions may be made more quickly. Clear procedures, rules and responsibilities may give organizational members certainty during an implementation effort. Furthermore, it may increase the motivation of organizational members. Also, a deliberate policy is needed on the part of Government to create a climate that is conducive and favorable to the growth, development and profitable operation of small, medium sized and large industries. The government needs to recognize that the organizational forms of small, medium sized and large enterprises is changing and organizations are now seeking consistent growth in profitability. Therefore, resource allocation by government must be made on the basis of expected return on investment as well as in improvements in infrastructure such as constant supply of electricity, water and transportation systems as this will reduce initial and operating costs to these companies.

5.6   Recommendations for further research

This study was successful in its goal of establishing the role of organization structure on strategy implementation. The significance of this study lies with its ability to prompt further research into the role and relationships between structure and implementation. Organizational structure exists as a channel through which communication relationships develop and individuals become connected throughout the organization. By further examining the ways that organizational factors influence structure of an organization, the development of theory surrounding structure and implementation becomes more of a reality.

The study only considered the food processing companies in Nairobi and did not consider those outside Nairobi. The study did not also consider the several companies that directly import finished food products that require no further processing. This would be a potential area of study to interest researchers.

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APPENDICES

Appendix 1: Letter to the Respondent

Dear Respondent,

TO WHOM IT MAY CONCERN

I'm a postgraduate student undertaking a Master of Business Administration MBA degree at the school of business, University of Nairobi. I am currently carrying out a research on the "Role of Organization Structure on Strategy Implementation in food processing companies in Nairobi". This is a requirement to complete my MBA course project at the University of Nairobi.

Your organization has been selected to form part of this study. This letter is to kindly request you to assist me collect the data by filling out the accompanying questionnaire, which I would collect from you.

The information provided will be used exclusively for academic purposes. My supervisor and I assure you that the information you give will be treated with strict and utmost confidence. Neither your name nor that of your organization will be mentioned in this research.

A copy of this research project will be made available to you upon request. I will appreciate your cooperation in this academic exercise.

Thanking you in advance.

Yours Faithfully,

MBA Student

D61/P/8361/2006   Dr. Jackson Maalu

UON School of Business   Lecturer, UON, School of Business

Appendix 2: Questionnaire

The Role of Organization Structure on Strategy Implementation Among Food Processing Companies in Nairobi

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Thank you for taking the time to complete this questionnaire. Please ensure that you complete all questions by ticking all that apply. Completion of this questionnaire is voluntary and all responses will remain confidential.

Section A: Demographic Data

1. Name of the Organization / Company

2. How can you describe the ownership of your organization?
   - Local
   - Foreign
   - Both

3. How can you describe the type of business organization?
   - Limited Liability Company
   - Partnership
   - Cooperative

4. How many years has the organization operated in Kenya?
   Less than 1 year ☐   1 – 5 years ☐   6 – 10 years ☐   Over10 years ☐

5. What is the sales turnover per annum (Kenya Shillings – Millions)?

Less than 100m [＿＿＿]   400 – 500m [＿＿＿]

100 – 200m [＿＿＿]   500 – 600m [＿＿＿]

200 – 300m [＿＿＿]   600 – 700m [＿＿＿]

300 – 400m [＿＿＿]   800m and above [＿＿＿]

6. How many employees does your organization have?

Below 50 [＿]   51 - 100 [＿]   101 – 150 [＿]   151 – 200 [＿]   Over 200 [＿]

7. In which sub-sector of the food processing companies does your organization belong to?

Meat / Poultry / Fisheries	
Diary (Milk)	
Cooking Oils & Edible Fats	
Grain Milling	
Baking	
Sugar & Confectionary	
Alcoholic / Non Alcoholic Beverages	
Fruits & Vegetables	
Miscellaneous Foods (Portfolio of several products)	

Section B: Strategy - Structure - Implementation

8. Does your organization have strategic plans? Yes ☐ No ☐

If yes, how long are the plans?

Less than 2 years ☐ 3 to 5 years ☐ More than 5 years ☐ Don't know ☐

9. How would you describe the growth pattern of your organization? (Please tick where appropriate)

By Volume	
By Geography	
By Integration (Vertical / Horizontal)	
By Product / Business diversification	

10. How would you describe the type of structure in your organization? (Please tick where appropriate)

Functional organization structure	
Geographic organization structure	
Market / User organization structure	
Product / Form organization structure	
Matrix / Hybrid organization structure - Mix of structures featuring dual lines of authority and strategic priority	

11. What do you consider as the importance of change in an organization structure? (Please use the following scale: (1) Not important at all, (2) Less important, (3) Moderately important, (4) Important, (5) Highly important)

	1	2	3	4	5
To reduce operational costs					
To efficiently reach the market segment					
To maximize productivity					
To improve product quality					
To improve shareholder value					
To improve profitability					
To improve service delivery					
To improve communication (Authority and Reporting)					
To improve evaluation of employee performance					
Others (Please specify)					

12. Please indicate whether the following general guide for matching organization structure to strategy is similar to that in your organization?

	Yes	No	Don't Know
Identifying the activities required to achieve organizational objectives			
Grouping up of these activities into workable units (Departmentalization).			
Assigning duties and responsibilities to subordinates in order to achieve the tasks assigned.			
Delegating authority necessary and useful for the accomplishment of tasks assigned.			
Establishing superior - subordinate relationship			
Providing a system of co-ordination for integrating the activities of individuals and departments.			

13. Please indicate whether the following basic building blocks of an organization structure are present in your Organization?

	Yes	No	Don't Know
Chain of command - Determines and defines job positions, decision makers and whose accountable for various duties			
Departmentalization - Functional divisions relevant to specific tasks such as Sales & Marketing, Production, Accounting, Human Resource, Engineering etc			
Distribution of Authority (Centralization & decentralization) - If decision making authority is concentrated among a few high level people or shared and distributed among departments.			
Organization Chart / Height - Defines how many departments, divisions and layers there are between the highest levels and the lowest levels of an organization.			
Span of Control - Number of employees a manager supervises			

14. How would you rank the importance of the following activities in organizing as key to organization structure and design? (Please use the following scale: (1) Not important at all, (2) Less important, (3) Moderately important, (4) Important, (5) Highly important)

	1	2	3	4	5
Facilitates administration, clarifies authority & defines jobs and roles					
Determines individual responsibility & offers sense of job security					
Ensures optimum utilization of human resources & technology					
Facilitates coordination					
Facilitates division of work & task specialization					
Stimulates creativity & scope for new changes					
Ensures growth, expansion and diversification					

15. How would you rank the importance of the following elements of structure in your organization? (Please use the following scale: (1) Not important at all, (2) Less important, (3) Moderately important, (4) Important, (5) Highly important)

	1	2	3	4	5
Decision Making & Consensus building					
Flow of Information & Communication					
Reporting Structure & Chain of command					
Customer Focus & Flexibility in Serving Customers					
Evaluating Performance, Efficiency & Effectiveness					
Motivation & Morale of personnel					
Setting & Achieving Goals or Objectives					

16. How would you rank the following factors that influence organization structure? (Please use the following scale: (1) Not important at all, (2) Less important, (3) Moderately important, (4) Important, (5) Highly important)

	1	2	3	4	5
Strategy and Philosophy					
Environment & Culture					
Technology – To drive efficiency & cost effectiveness					
Organization Size & Age					
Competition					
Industry Standards					
Compliance and Legal Requirements					
Differentiation – Vertical & Horizontal					
Control & Coordination mechanisms					
Degree of Formalization & Centralization					

17. Please indicate whether you consider the following elements of control as influential to strategy implementation?

	Yes	No	Don't Know
Policy, Procedure & Guidelines			
Identifying differences between actual & expected results			
Suggesting which corrective action to take when actual & expected are different			

18. Please indicate whether you consider the following questions as important before strategy implementation commences in an organization.

	Yes	No	Don't Know
Does the strategy fit with what's going on in the environment?			
Are the elements of strategy internally consistent?			
Does the strategy exploit key resources?			
Will the envisioned differentiators be sustainable?			
Are there enough resources to pursue the strategy?			
Is the strategy implementable?			

19. How would you rank importance of the following components of the strategy implementation process? (Please use the following scale: (1) Not important at all, (2) Less important, (3) Moderately important, (4) Important, (5) Highly important)

	1	2	3	4	5
Allocation of Resources & Commitment					
Strategy Supportive Initiatives					
Adoption of Best Practices & Continuous Improvements					
Policies, Procedures & Guidelines					
Information, Communication Systems & Control Mechanisms					
Rewards and Incentives					
Organizational Restructuring & Modification to fit chosen strategy					
Decision Making & Consensus					
Environment & Culture					
Market Orientation					
Executors & Leadership					
Shared Values & Norms					
Nurturing Relations - Employees and Strategic partners					

20. How would you rank the following barriers to effective strategy implementation? (Please use the following scale: (1) Not important at all, (2) Less important, (3) Moderately important. (4) Important, (5) Highly important)

	1	2	3	4	5
Lack of understanding of role of organization structure					
Lack of upper management / shareholder support					
Poor & Inadequate Information					
Unclear communication					
Poor / Vague strategy formulation					
Inability to manage change effectively					
Conflict with executive power					
Lack of ownership of implementation process					
Lack of guidelines for initiating, controlling & executing implementation process					
Environmental Uncertainty					
Lack of Rewards & incentives					
Key people leaving the organization					
Organization Culture					
Resource Allocation					

Section C: Strategy - Structure fit

21. What is the level of importance of the following seven elements of strategic fit to successful strategy implementation? (Please use the following scale: (1) Not important at all, (2) Less important, (3) Moderately important, (4) Important, (5) Highly important)

	1	2	3	4	5
Systems - (The process and flows that show how an organization gets things done)					
Style - (How management behaves)					
Staff - (The people in the organization)					
Shared Values - (Values shared by all in the organization)					
Skills - (Capabilities possessed by the organization)					
Strategy - (The coherent set of actions selected as a course of action)					
Structure - (The division of tasks as shown on the organization chart)					

22. What do you think needs to be done to the existing relationship between strategy and structure in your organization for successful strategy implementation?

Filled By: _____

Designation: _____

THANK YOU VERY MUCH FOR YOUR CO-OPERATION

Appendix 3: List of Food Processing Companies in Nairobi

1. Allied Industries Limited
2. Alpha Fine Foods Limited
3. Aquamist Limited
4. Belfast Millers Limited
5. Best Foods Kenya Limited
6. Bio Foods Products Limited
7. C&R Food Industries Limited
8. Cadbury Kenya Limited
9. Candy Kenya Limited
10. Capital Fish Kenya Limited
11. Carlton Products Limited
12. Coca-Cola East Africa Limited
13. Confec Industries (E.A) Limited
14. Corn Products Kenya Limited
15. Crown Foods Limited
16. Deepa Industries Limited
17. East African African Sea Food Limited
18. East African Breweries Limited
19. Eldoville Farm Limited
20. Ennsvalley Bakery Limited
21. Excel Chemicals Limited
22. Farmers Choice Limited
23. Frigoken Limited
24. Galaiya Food Industry Limited
25. Giloil Company Limited
26. Glaciers Products Limited
27. Global Beverages Limited
28. House of Manji Limited
29. Jambo Biscuits Limited
30. Jambo Mineral Water Limited
31. Jetlak Foods Limited
32. Kabansora Limited
33. KenAfric Industries Limited
34. Kenya Millers Limited
35. Kenya National Mills Limited
36. Kenya Nut Company Limited
37. Kenya Orchards Limited
38. Kenya Sweets Limited
39. Kevian Kenya Limited
40. Kuguru Foods Limited
41. Ma Cuisine Limited
42. Melvins Tea Kenya Limited
43. Mic Food Industries Limited
44. Mini Bakeries Limited
45. Nairobi Flour Mills Limited
46. Nestle Foods Kenya Limited
47. New Kenya Co-operative Creameries Ltd
48. P J Products Limited

49. Patco Industries Limited

50. Pembe Flour Mills Limited

51. Premier Flour Mills Limited

52. Premier Food Industries Limited

53. Proctor & Allan (E.A) Limited

54. Rafiki Millers Limited

55. Razco Food Products Limited

56. Spin Knit Diary Limited

57. Super Bakery Limited

58. Top Food Limited

59. Trufoods Limited

60. Unga Group Limited

61. Unilever (K) Limited

62. Uzuri Foods Limited

63. Vegpro Kenya Limited

64. Wrigley Company (E.A) Limited

Source: Kenya Association of Manufacturers (2011)