

**FACTORS INFLUENCING STRATEGY IMPLEMENTATION AMONG  
FLOWER FIRMS IN NAIVASHA, KENYA**

**BY:**

**KURENDI G. ALFAXARD**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF  
THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF  
MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF  
BUSINESS, UNIVERSITY OF NAIROBI**

**NOVEMBER, 2013**

**DECLARATION**

I declare that this Research project is my original work and that it has never been presented for any degree in any University.

Signed.....Date.....

KURENDI.G.ALFXARD  
REG.NO.D61/69217/2011.

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

Signed.....Date.....

DR. VINCENTN.MACHUKI  
LECTURER  
DEPARTMENT OF BUSINESS ADMINISTRATION  
SCHOOL OF BUSINESS  
UNIVERSITY OF NAIROBI

## **DEDICATION**

To my Parents: You represent the best gift ever, that our dear God gave me.

To my wife Ange and Daughter Elicora: I cherish your Love and Support.

Thanks for being there for me.

## **ACKNOWLEDGEMENTS**

I wish to register my sincere appreciation to all those who took their precious time out of their busy schedule to lend me a hand in carrying out this study. I am indebted not only to those people who gave me the inspiration to carry out the research but also to those who gave me moral support, guidance and assistance.

I wish to categorically applaud my University supervisor Dr. Vincent Machuki, who patiently guided and encouraged me throughout the project. His advice, support, and constructive criticism he gave throughout the study enabled me complete my project in time. I wish to sincerely note that without his support, I couldn't have done as much.

My heartfelt gratitude and appreciation go to the management of all flower firms at Naivasha, who found it in their heart to allow me drop the questionnaires and besides this, also taking their time to fill them for me.

As much as I acknowledge input from all these people mentioned in this project, I take full responsibility of any deficiencies and flaws therein.

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## **ABSTRACT**

Strategy implementation is the process of transforming strategic intentions into actions, then into acceptable results. Successful strategy implementation is as critical and difficult as the strategic choice itself. It requires consideration of the resources to be used, human resource requirements, structures and systems. The objective of this study was to determine the factors that influence Strategy Implementation among flower firms in Naivasha, Kenya. This study was carried out using structured questionnaires to collect data from the respondents. These questionnaires were constructed using descriptive statements from reviewed literature, and were hand delivered to the firms. Major findings from this study were that both internal and external factors influence strategy implementation to a large extent. This study revealed that whilst flower firms do document their strategies, effective implementation is a big hurdle, highlighting factors such as top management commitment, clear identification of activities to be carried out to effectively implement strategy, existing legal requirements, existence of budgetary allocation and internal control mechanisms, as those that must be adhered to if successful implementation of strategy is to take place. Critical discussion of these factors suggests areas for further study, considering that this study was limited to only in Naivasha and not any other part of the country, and that it laid focus only on the factors influencing strategy implementation in flower firms, with no linkage to their performance.





## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

Organizations of all types have found it necessary to embrace strategic management in order to achieve their corporate objectives. This is because the environments in which they operate have become too dynamic, complex and hostile (Bryson, 1995). The open systems theory (Millett, 1998) postulates that all organizations, as open systems, lend themselves to the external environment. They are therefore environment serving and changes in the environment affect them in very fundamental ways. Strategic management, being an externally oriented management philosophy, helps them navigate through the ever-changing environment in order to be efficient and effective not only in the short term but also in the long run (Ansoff and Mcdonnell, 1990; Pearce and Robinson, 1997; Hrebiniak, 2006). This is equally underscored by the industrial organization economics theory (Porter, 1980), at the core of which is the structure-conduct-performance (SCP) paradigm (Bain and Mason, 1939). The SCP paradigm whose equivalent in strategic management is the environment-strategy-performance (ESP) postulates that the environment determines the choice of a firm's conduct (strategy) which also impacts on the firm's performance (Farjoun, 2002).

The adoption of strategic management subsumes that organizations engage in the formulation of strategy which, if effectively implemented would guarantee firm success. Strategy implementation is a vital component of the strategic management process, which entails strategy formulation, implementation, monitoring and control. Implementation involves putting into action the logically developed strategies (Shah, 1996). According to Steiner *et al* (1989) as cited

in (Shah, 1996), implementation of policies and 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. Strategic implementation is critical to a company's success, addressing the who, where, when, and how of reaching the desired goals and objectives. William (1991), as cited in (Shah 1996), describes implementation as the execution of tactics both internally and externally so that the organization moves in the desired strategic direction. While organizations formulate strategy, implementation is what determines their performance. Successful and effective implementation of strategy is, however, a function of the interaction of factors both internal and external to the organization. It is therefore more challenging than the formulation of strategy (Aosa, 1992; Machuki, 2005).

Kenya is the largest supplier of cut flowers to the European Union. In Africa, it is one of the most prominent fresh flower exporting countries. Floriculture industry is the most developed sector and accounts for about 40 per cent of all horticultural exports (Kenya Flower Council, 2012). The Council further reports that flowers form a major part and account for about half of Kenya's fresh horticultural exports with the foreign exchange of Kshs. 43 billion in the year 2012. Majority of the flower firms are located in Naivasha, accounting for more than half of the flower firms in the country. This is due to availability of vast land that allows large scale flower farming through the green-house technology. This is coupled with availability of water from Lake Naivasha and cheap labor, which are the critical resources in this industry. As all other organizations operating in a competitive environment, the flower firms have embraced strategic management and therefore have strategic plans in place. Implementation of these strategies is expected to be influenced by a myriad of factors both internally and externally to these firms.

### **1.1.1 Strategy Implementation**

According to Higgins and Vincze (1986), as cited in Shah (1996), strategic implementation is the summation of activities in which people use various resources to accomplish the objectives of the strategy. Aosa (1992) assert that once strategies have been developed, they need to be implemented as they are of no value unless they are effectively translated into actions. For strategy to have an impact on the organization's success, the developed strategic plan must be put into action through implementation. Pearce II and Robinson (2002) argue that for successful implementation of strategy, it has to be by identification of measurable, mutually determined annual objectives, development of specific functional strategies and communication of concise policies to guide decisions.

Pearce and Robinson (2007) categorize components of strategy implementation that managers have to take into consideration during implementation into; the structure, systems, shared values and leadership. The stronger the fits created between these components, the greater the chances of successful strategy implementation. Bryson (1995) notes that the purpose of strategy implementation is to complete the transition from strategic planning to strategic management by incorporating adopted strategies throughout the relevant system. Thompson and Strickland (1998) argue that successful strategy implementation depends on doing a good job of leading, working with and through others, allocating resources, building and strengthening competitive capabilities, installing strategy supportive policies and matching how the organization performs its core business activities to the requirement of a good execution.

Strategies as excellent as they may be formulated, will fail if they are not properly implemented. Successful implementation of strategy will involve the identification of the required resources and putting in place the necessary organizational changes needed to make the whole process a success. Some of the factors likely to influence strategy implementation include strategy and culture, strategy and company resources, strategy and policies, team work, and strategy and leadership.

### **1.1.2 The Floriculture Industry in Kenya**

Agriculture accounts for about 24% of Kenya's GDP with an estimated 75% of the population depending on the sector either directly or indirectly (Ministry of Agriculture, 2012). The horticulture sub-sector of agriculture has grown significantly to become a major employer and foreign exchange earner only second to tourism. Currently, horticulture which comprises of fruits, vegetables and flowers, is the fastest growing sub-sector of the economy with Kenya having a long history of growing horticultural crops for both domestic and export markets. Kenya is the largest supplier of cut flowers to the European Union. In an effort to encourage the industry growth, Kenya has diversified its market to Japan, Korea, Middle East and south East Asia (Hortfresh journal, 2013). In Africa, it is one of the most prominent fresh flower exporting countries. Floriculture is the most developed sector and accounts for about 40 per cent of all horticultural exports. Flowers form a major part and account for about half of Kenya's fresh horticultural exports, with the foreign exchange of the year 2012 standing at ksh. 43 billion, according to Kenya flower Council. The cut flower industry provides direct employment to about 50,000 Kenyans with a further 70,000 employed in related industries (Kenya Flower Council, 2012).

The players in this industry are largely multinational firms and a few local firms that engage in breeding, production and export of pot plants, cuttings and cut flowers mainly to the European market. The main flower growing areas in Kenya are regions around Lake Naivasha, Nyahururu, Nakuru, Mt. Elgon, Kitale, Eldoret, Kericho, Limuru, Kiambu, Athi River, Thika, and Mt. Kenya region (Kenya Flower Council, 2012). Every firm aims to achieve and sustain competitive advantage, therefore to survive in this competitive industry, the participants have to adopt strategic management to aid them succeed in the competitive environment in which they operate. These firms however encounter challenges that derail the achievement of set goals, some of which include government policy on licensing, labor unrest when issues of salary hikes and workers' welfare are to be addressed, economic setbacks especially when the shilling strengthens against the dollar and environmental issues as regards to chemical waste disposal and over consumption of lake water which may eventually affect aquatic life.

### **1.1.3 Flower Firms in Naivasha**

The total number of firms operating in this region is 37, majority of them multinationals, with a few local (Kenya Flower Council, 2012). Naivasha is a strategic location for these organizations due to the readily available water sourced from Lake Naivasha, land for expansion and cheap labor which are critical resources in the floriculture industry. Majority of flower firms are therefore concentrated in this region as opposed to the other parts of the country. Due to the chaotic and unpredictable nature of the environment under which these firms operate, there is need for well-crafted strategies, which must then be successfully implemented for these firms to achieve their goals. Given that most of these flower firms are subsidiaries of Multinational Corporations, they are expected to engage in strategic management since planning is done at the mother companies for customization and implementation to be undertaken by these subsidiaries.

The successful implementation of these strategies is however subject to factors both external and internal to the organization.

From the reviewed literature, some of the factors that could influence strategy implementation in flower firms include internal factors such as organizational structure and culture, leadership, communication, commitment from all levels of organization, organization's resources, and reward system.

Unforeseen and uncontrollable factors in the external environment could influence strategy implementation among flower firms. Some of these factors include government regulations (on registration and exportation, duty charges), economic and political factors, technology and globalization.

## **1.2 The Research Problem**

The success or failures of strategy implementation revolve around the nature of strategy itself, resource allocation, the fit between strategy and structure, leadership and organization culture. 90% of well formulated strategies fail at Implementation stage (Mintzenberg&Quins 1991). Although formulating consistent strategies seems a difficult task for any management team, making that strategy work through effective implementation is even more difficult (Hrebiniak, 2006). According to Deloitte and Touché (2003), effective implementation of strategy results when organization, resources and actions are tied to strategic priorities and when key success factors are identified and performance measures and reporting are aligned.

Floriculture Industry in Kenya is the most developed sector under horticulture and accounts for about 40 per cent of all horticultural exports, with the foreign exchange of the year 2012 standing

at Ksh. 43 billion, according to Kenya flower Council. The cut flower segment provides direct employment to about 50,000 Kenyans with a further 70,000 employed in related industries. Naivasha, being a strategic location in terms of availability of resources for this industry plays host to greater number of firms as compared to the rest of the country. These firms, most of them multinationals are expected not to operate without strategies in an effort to remain competitive, and the big question lies with the effective implementation of these strategies, something this study is out to unearth. Flower firms just like any other organizations operate as open systems due to continuous interaction with the environment in which they operate. The successful implementation of strategies could be a function of factors both internally and externally to the organization, and this is exactly what this study seeks to address.

A number of studies have been carried out on strategy implementation in Kenya in various organizations, industries and sectors (Aosa, 1992; Awino, 2001; Koske, 2003; Muthuiya, 2004; Machuki, 2005; Ochanda, 2006; Ngunjiri, 2006; Obonyo, 2012; Onyango, 2012 among others).Aosa (1992) carried out an empirical investigation of aspects of formulation and implementation of strategy within large private manufacturing companies in Kenya;Awino (2000) studied the effectiveness and problems of strategy implementation of financing Higher Education in Kenya by the Higher Education Loans Board; Koske's (2003) study focused on Strategy Implementation and its Challenges at TELKOM Kenya Limited; Muthuiya (2004) looked at strategy implementation and its challenges in Non-profit Organizations in Kenya;Machuki (2005) studied on challenges of strategy implementation at Cooper Motors Corporation, Kenya; Ochanda (2006) studied on challenges of strategy implementation at Kenya Industrial estates;Ngunjiri (2006) studied on challenges of strategy implementation at the Kenya



Institute of Management; Obonyo (2012) studied challenges of strategy implementation at the National Cereals and Produce Board, Kenya; and Onyango (2012) laid focus on factors influencing implementation of the Kenya Sugar Industry Strategic Plan (2010-2014)

A review of the above studies indicates that most of them focused on challenges of strategy implementation and that all but one (Aosa, 1992) adopted case study methodology. There is very little knowledge on studies which lay focus on factors (enabling and impeding, external or internal to the organization), which could influence strategy implementation among flower firms in Naivasha, Kenya. Onyango's (2012) study comes close to the current study but had a different contextual focus besides adopting a case study design. Therefore, a gap in knowledge exists which this study aims to bridge. What are the factors influencing strategy implementation among flower firms in Naivasha, Kenya?

### **1.3 Research Objectives**

The objective of this study was to determine the factors that influence strategy implementation among flower firms in Naivasha, Kenya.

### **1.4 Value of the study**

This study was based on open systems theory and industrial organization economics theory. The findings of this study have advanced the knowledge frontiers within these theories. From the discussion of findings, there is support for the proposition of these theories to a large extent. Therefore the study has played a role in building these theories as well as validating the findings of other similar past studies.

On policy development, this research has had value whereby recommendations put across would aid in enhancing policy development in the studied organizations and other organizations that practice strategic management. More specifically, this study has put forth recommendations that would see management teams of organizations take keen interest in cultivating conducive environment for strategy implementation and execution through development of supportive policies.

On management practice, this study has pointed out key factors that the management teams of flower firms need to keep in mind to effectively implement chosen strategies. It is hoped that the day-to-day managerial actions would be geared towards addressing attendant factors to ensure effective implementation of strategies, hence guaranteeing their organizations' success.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents theoretical, conceptual and empirical literature along the main theme of the study. First, it presents the theoretical underpinnings of the study. This is followed by literature on strategy and strategic management, strategy implementation as well as factors influencing strategy implementation.

### **2.2 Theoretical Underpinnings of the Study**

Strategy implementation is one of the key perspectives of the strategic management process of an organization. Strategic management, as a field of study, is heavily informed by the open systems and industrial organization economics theories. The current study is, therefore, underpinned by these two theories. The open systems theory postulates that an organization is composed of parts and sub-parts brought together with the purpose of accomplishing set goals and objectives and function as systems which are in constant interaction with their external and internal environment (Cummings and Worley, 2009; Pattanayak and Mishra, 1999). Adoption of strategic management as an externally oriented management philosophy underscores the fact that organizations should develop and implement appropriate strategies in order continuously align and realign themselves to changes within and outside them.

The organization is also seen as a sub-system of a larger macro system, which may be identified as a larger organization, industry, society or economic zone (Millett, 1998). It is therefore due to this continuous interaction with external environment that has seen organizations operating as open systems. Any changes in the external environment will affect the way in which these organizations operate, which then makes it fundamental for all organizations, irrespective of size

and origin, to adopt the strategic management philosophy, to enable them navigate through these ever changing environments in an effort to remain efficient and effective.

The Industrial Organization (IO) Economics theory also fundamentally informs this study. Its adoption in strategic management naturally shifted the research focus from the firm to market structure (Hoskisson et al., 1999). The central tenet of this paradigm, as summarized by Porter (1981), is that a firm's performance is primarily a function of the industry environment in which it competes. Therefore, industry or market structure determines a firm's conduct (or conduct is simply a reflection of the industry environment), which in turn determines performance. Within strategic management, the conduct of the firm is its strategy, which if effectively and successfully implemented will enhance a firm's competitive advantage, hence its performance (Farjoun, 2002).

### **2.3 Strategy and Strategic Management**

It is always important to understand the concept of strategy so as to relate it to effective strategy implementation. Several authors have defined strategy differently. Chandler (1962), in strategy and structure, views strategy as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and allocation of resources necessary for carrying out these goals. Johnson and Scholes (2002) define strategy as the direction and scope of an organization over long term. Thompson et al (2006) describe a company's strategy as the management's action plan for growing the business, staking out a market position, attracting and pleasing customers, competing successfully, conducting operations and achieving targeted objectives. In this respect therefore, the company's strategy will be to gain and sustain competitive advantage in the ever competitive environment, which will then mean that managers

must devise ways of how to attract and maintain customers, how to respond to changing market conditions, how to compete successfully and how to grow business to achieve the organizations objectives.

Mintzberg et al, (2003) observes that strategy is described variously, the most common four being: Strategy is a plan, a how, a means of getting from here to there; Strategy is a pattern in actions over time; Strategy is a position, that is it reflects decisions to offer particular products or services in particular markets and finally Strategy as perspective, that is vision and direction.

Chandler (1962) recognized the importance of coordinating the various aspects of management under one all-encompassing strategy. Prior to this time the various functions of management were separate with little overall coordination of strategy. Chandler also stressed the importance of taking a long term perspective. In his groundbreaking work, “strategy and structure”, Chandler showed that a long term coordinated strategy necessary to give a company structure, direction and focus. He says it concisely that “structure follows strategy”. However, today it is recognized that Chandler’s statement is only half the story: Strategy also follows structure.

Strategic management refers to the managerial process of forming a strategic vision, setting objectives, crafting strategy, implementing and executing the strategy, and then over time initiating whatever corrective adjustments in the vision, objectives, strategy and execution are appropriate. In crafting a strategy, management is saying in effect, “Among all the paths and actions we could have chosen, we have decided to move in this direction, focus on these markets and customer needs, compete in this fashion, allocate our resources and energies in these ways and rely on these particular approaches to doing business”. A strategy thus entails managerial

choices among alternatives and signals organizational commitment to specific markets, competitive approaches, and ways of operating (Thompson and Strickland, 2003).

According to Ansoff and McDonnell (1990) strategic management is concerned with establishing objectives and goals of the organization while maintaining a set of relationships between the organization and the environment which enables it to pursue its objectives consistent with the organizational capabilities and continue to be responsible to the environmental demands. Strategy therefore is critical for the success of any organization as it helps to provide the basic long-term direction for the organization, enabling it to set up clear directions so that managers remain focused on the future while ensuring that urgent present functions are undertaken (Grant 1998).

## **2.4 Strategy Implementation**

Strategic management is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objectives (Pearce and Robinson, 2003). A brilliant strategy that cannot be implemented creates no real value. Effective implementation begins during strategy formulation when questions of “how to do it” should be considered in parallel with “what to do?” Crafting and executing strategy are core management functions. The process involves the management team charting the company’s direction, developing competitively effective strategies and business approaches, while pursuing what needsto be done internally to produce good strategy executions and operational excellence (Thompson et al, 2006).

Operationalization of strategies is critical for effective implementation process. Strategy implementation includes considerations of who will be responsible for strategy implementation; the most suitable organizational structure that should support the implementation of strategy (Pettigrew, 1988; Lynch, 2000); the need to adapt the systems used to manage the organization (Johnson and Scholes, 2002); the key tasks to be carried out and desirable changes in the resource mix of the organization as well as the mandate of each department in the organization and the information systems to be put in place to monitor progress and resource planning (Pearce and Robinson, 1997).

Thompson et al, (2006) relate good strategy execution to strong fits between strategy and organizational capabilities, reward structure, internal operating systems and the organization's work climate and structure. Implementation of strategy can be through four interrelated steps: Identifying short-term objectives, initiating specific functional tactics, communicate policies that empower people in the organization and design effective rewards (Pearce and Robinson, 2007). To ensure success, strategy must be translated into carefully implemented action, which means that strategy must be translated into guidelines for the daily activities of the firm. In implementing strategy, the firm's managers must direct and control actions and outcomes and adjust to change (Pearce and Robinson, 2007).

Excellent crafted strategies that cannot be effectively implemented create no real value. Every organization that aspires to succeed in the ever chaotic and turbulent business environment must ensure that once strategies are formulated, they must be successfully implemented. Aosa (1992) points out that once strategies have been developed, they need to be implemented; they are of no

value unless they are effectively translated into action. Effective implementation results when organizational resources and actions are tied to strategic priorities and when the key success factors are identified and performance measures and reporting are aligned (Deloitte and Touché, 2003). Operationalization of strategy will therefore require that implementers of strategy be involved right from the formulation stage so that they can own the process. One of the tools of strategy implementation is the McKinsey's 7-S Model. This model was named after McKinsey and Company, a consulting company which conducted applied research in business and industry (Peter & Waterman, 1982). This model describes the seven factors critical for effective strategy execution and these factors are strategy, structure, systems, staff, skills, style/culture, and shared values.

Institutionalization of strategy stands out as a key aspect as far as strategy implementation is concerned, since it permeates into the daily decisions and actions in a manner consistent with long-term strategic success. According to Pearce and Robinson (1991), four fundamental elements must be managed if the strategy is to be institutionalized: these are organization structure, leadership, culture and rewards. It is of critical importance to directly link the company's daily activities and work efforts so as to accomplish the strategic plan. It will be impossible to implement strategies if this link is not made.

Thompson and Strickland (1998) notes that the implementation process of a strategy typically impacts every part of the organization structure, from the biggest organizational unit to the smallest frontline work group. They point out that every manager has to think through the question of what has to be done in his/her area to implement their part of the strategic plan and



what he/she should do to get these things accomplished. It is therefore the responsibility of each and every manager to ensure that the process is on course, through careful monitoring and evaluation to guarantee effective implementation process.

## **2.5 Factors influencing strategy Implementation**

A critical look at the strategic management literature reveals that there are some key factors that are considered to be of great significance for the integration of strategy formulation and implementation to occur. These factors are both internally and externally to the organization. Internal factors include organization structure, organization culture, leadership, company resources, strategies, rewards and staff motivation. External factors include economic and political, ecological, technology and globalization, and government regulations. According to David (1997) many excellent strategies fail when attempts to implement them are made. The implementation phase involves identifying the required resources and putting in place the necessary organizational changes needed to make the whole process a success.

**Organizational structure and Leadership:** Organization structure consists of activities such as task allocation, coordination and supervision, directed towards the achievement of organizational aims. It simply means the formal framework by which job tasks are divided, grouped, and coordinated (Robins and Coulter, 2002). Miller (1985) observes that there is an intrinsic association between strategy formulation and structure of the organization. The structures facilitate or constrain how the process and relationships work, hence affecting strategy implementation process (Johnson and Scholes, 2002).

Chandler (1962) notes that structure and strategy have to be interrelated for the success of the firm, meaning therefore that the firm's strategies must be aligned to its structure. Leadership is the process of influencing an organization in its efforts towards achievement of its goal (Johnson and Scholes, 2002). Organizational leadership involves guiding the organization to deal with constant change, and to clarify strategic intent, that builds the organization and shape their culture to fit with the opportunities and challenges (Kotter, 1996). According to Mintzberg et al, (2003), lack of leadership- specifically strategic leadership- in the management structures of organizations has been identified as one of the possible barriers to the effective implementation of strategy. Strategic leadership is also widely regarded as one of the key drivers of strategy implementation. For effective strategy execution, the top leadership of an organization has to constantly monitor progress, anticipate obstacles and take corrective actions where necessary, in order to ensure that the organization is agile to changing market conditions and competitive forces (Thompson et al, 2006).

Strategy and Company Resources: David (2003) stated that it should be possible to implement the chosen strategy with the resources available. These resources include physical, financial, technological and human resources. It is not possible to implement strategies which demand more resources than the company can avail. Too little resources will tend to stifle the ability of the company to carry out the strategic plan. According to Porter (1985), budgetary allocations demonstrate management commitment to the strategic plan. The projects and programs provided for in the budget should derive from the company's strategic plan. This is helpful especially in ensuring that activities of the company are carried out efficiently so as to reinforce the implementation of strategy.

Organizational culture, Staff motivation and Adaptability to change: Organization culture refers to the set of assumptions (often unstated) that members of an organization share in common (Pearce and Robinson, 2002). Robins and Coulter (2002) define culture as a system of shared meaning and beliefs held by organizational members that determines, in large degree on how they act. Culture affects not only the way managers behave within organization but also the decisions they make about the organization's relationships with the environment and its strategy (McCarthy et al., 1996). Corporate culture refers to the character of a company's internal work climate and personality, as shaped by its core values, beliefs, principles, traditions, ingrained behaviors and style of operating (Thompson et al, 2006). As strength, culture can facilitate communication, decision making, and control, and can create cooperation and commitment. As a weakness, culture may obstruct the smooth implementation of strategy by creating resistance to change (Pearce and Robinson, 1988). Aosa (1992) stated that it is important that culture of an organization be compatible with the strategy being implemented because where there is incompatibility between strategy and culture, it can lead to a high organizational resistance to change and de-motivation which in turn can frustrate the strategy implementation effort. Every company that aspires to succeed must therefore ensure that strategies are aligned to the organization culture and that employees are involved in the implementation process, to resist change. Employees must be rewarded accordingly to boost their morale and adapt quickly to change, as to when it comes.

Technology and Globalization: Technology can be defined as the knowledge, tools, equipment, and work methods used by an organization in providing its goods and services. Technology is a

key factor in almost any conceivable strategy process today (Mintzberg et al, 2003). As a result of the rapid changes in technology, companies must adopt the relevant and current technologies to maintain competitive edge. Porter (1985) contends that technology is one of the drivers of change. Technology is therefore a key consideration in the strategy implementation process, and should be viewed as a means to facilitate the execution of identified strategies, since it affects how the business operates and its overall competitiveness in the market. Firms operate within a dynamic business environment, and the spread of globalization provides opportunities to firms to compete in the global arena. To achieve the benefits of globalization, the managers of a worldwide business need to recognize when industry globalization drivers provide opportunities for implementation of global strategies (Mintzberg et al, 2003). Within a global environment, various considerations during strategy implementation are made and these include global political, economic, legal, social and cultural environments, as well as extreme competition (Pearce and Robinson, 2007). Companies that aim to capture and sustain competitive advantage must therefore ensure a strategy implementation process that will see them compete successfully in a global arena.

**Strategy and Policies:** Policies refer to specific guidelines, methods, procedures, rules, forms and administrative practices established to support and encourage work towards stated goals (David, 1997). Policies communicate specific guidelines to action. They also assist in controlling organization's activities, to ensure they are efficiently carried out. Changes in strategy calls for some changes in how internal activities are conducted and administered. The process of changing from old ways to the new ways has to be initiated and managed. Gerry and Kevan (2002) note

that resistance to such changes may occur, which calls therefore for constant monitoring and evaluation to ensure effective strategy implementation.

**Economic and Political factors:** The economic environment within which an organization operates affects the success of strategy implementation. Economic factors concern the nature and direction of the economy in which the firm operates. On both the national and international level, managers must consider the general availability of credit, level of disposable income, the propensity of people to spend, prime interest rate, inflation rates and trends in the growth of the Gross National Product as economic factors for strategy implementation (Pearce and Robinson, 2007). Organizations must therefore determine a strategy implementation process within a given economic situation. The direction and stability of political factors are a major consideration for managers in formulating company strategy. Political factors define the legal and regulatory parameters within which firms must operate. Political constraints are placed on firms through fair trade decisions, anti-trust laws, pricing policies and many other actions aimed at protecting the employees, consumers, the general public and the environment (Pearce and Robinson, 2007).

**Legal and Environmental factors:** corporations are no longer free to function merely to maximize profits while ignoring the environment and its occupants. Strategic business decisions of the firm affect many groups of people, some of whom have no direct business dealings with the firm (Robideaux, Miles and White, 1993). It is therefore important for organizations first to understand the environments in which they operate and continuously evaluate whether their activities are in line with the laid down rules of engagement.

It has become more important for firms to incorporate external stakeholders in their strategic decisions as an extension of their corporate ethics. The public's disaffection with the present business practices is not necessarily due to any specific changes in business behavior, but because the public has raised its standards and decided that ethical business behavior is now important (Robideaux, Miles and White, 1993). Drucker (1987), as cited in Robideaux et al, notes that today's business leaders must begin to realize that the public looks upon them as leaders of society and that they are expected to behave as such. All organizations must operate in an ethical manner, while taking into consideration the environment in which they operate in, in their effort to attain the goals and remain competitive.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter describes the methodology which was used in carrying out the research. It describes the research design adopted in conducting the study; the population of study; the data collection methods employed; and data analysis techniques used in order to achieve the study objective.

### **3.2 Research Design**

The study was carried out through a cross-sectional descriptive survey. Cooper and Schindler (2003) define cross-sectional descriptive survey as one which is concerned with finding out what, when, and how much of phenomena.

The design was appropriate for the study because it entailed a study of a cross-section of firms in a snap shot where data was obtained at one point in time. Aosa (1992) used this design with high levels of success.

### **3.3 Population of study**

The population of study was all the flower firms in Naivasha, Kenya. Most of these firms are subsidiaries of multinational corporations. According to the Ministry of Agriculture report of 30<sup>th</sup> June 2013, there were 37 flower firms. All these firms, being subsidiaries of multinationals are members of the Kenya Flower Council, which is solely mandated to license all flower firms operating in the country. Given that this number was fairly small, a census survey of all of them was undertaken.

### **3.4 Data Collection**

The study used primary data, which were largely quantitative in nature. The data were gathered using a structured questionnaire. The questionnaire was developed in line with the objective of the study. Part I focused on the demographic profile of the firms; part II captured data on the general strategy implementation aspects; and part III laid focus on the factors influencing strategy implementation.

The questionnaire was administered through “drop and pick” later method. This method was to enable the researcher ensure that the targeted respondents are the ones who will fill the questionnaire, hence guard against unreliable sources of data. The respondents were the General Managers of all the 37 flower firms in Naivasha. In the absence of the General Managers, Production and/or Farm Managers were allowed to fill the questionnaire.

### **3.5 Data Analysis**

Data obtained was largely quantitative; hence quantitative analysis techniques were used. Therefore, both descriptive and inferential statistical tools of analysis were used. Descriptive statistics (percentages, frequencies, mean scores and one sample t test) were used to ascertain the proportions of firms indicating how the various factors influence strategy and their relative potency as well as variations across firms. One sample t test was particularly important as it illustrated how statistically different were the means from the middle point (3).

Inferential statistics entailed use of factor analysis. According to Tryfos(2001), factor analysis is a data reduction technique used to study the dimensionality of a set of variables. In factor analysis, latent variables represent unobserved constructs and are referred to as factors or dimensions. Factor analysis is used mostly for data reduction purposes to get a small set of



variables (preferably uncorrelated) from a large set of variables (most of which are correlated to each other). Factor analysis can be exploratory when you do not have pre-defined idea of structure or how many dimensions are in a set of variables; or confirmatory when you want to test specific hypothesis about the structure or the number of dimensions underlying a set of variables (Torres, 2010). Out of Factor Analysis, the following were analyzed: Communalities, Total variance explained, Component Matrix and Rotated Component Matrix.

## **CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION**

### **4.1 Introduction**

The study was conducted with one objective, which was to determine the factors influencing strategy implementation among flower firms in Naivasha, Kenya. It adopted structured questionnaires, which were constructed using statements from literature. These questionnaires were dropped at the firms and then picked later after the respondents had filled them. The collected data has been analyzed and interpreted in line with this objective using factor analysis.

The respondents in this study were drawn from top level management of the flower firms, which includes General Managers, Farm Managers and production managers. Thirty seven (37) flower firms were identified for this study, and after all them were given the questionnaires, thirty (30) returned the questionnaires, registering a response rate of 81%, which was considered adequate for statistical analysis. This chapter presents the analysis of data and the interpretations of findings as well as the discussions thereof.

### **4.2 Organizational Bio Data**

The study considered it necessary to gather data on various organizational demographics to form the basis for obtaining further data as per the research objective. The data that were gathered include age of the firm, size (number of employees), scope of business, and core business. The study also considered data on whether the firms engage in strategic management and if they document their strategies.

These were considered necessary because they have implications on the strategic management behavior of the firms studied. The findings of this study are presented in Table 4.1.

#### **Table 4.1 Organizational Bio Data**

<b>Age</b>	<b>5yrs and below</b>		<b>6-10yrs</b>	<b>11-15yrs</b>	<b>16-20yrs</b>	<b>21-25yrs</b>	<b>Total</b>
	F	11	10	2	5	1	30
	%	36.7	33.3	6.7	16.7	3.3	100%
<b>Size(Number of employees)</b>	<b>Less 100</b>		<b>101-200</b>	<b>201-300</b>	<b>301-500</b>	<b>Over 500</b>	
	F	7	6	6	1	10	30
	%	23.3	20	20	3.3	33.3	100%
<b>Scope of business</b>	<b>National (Within Kenya)</b>		<b>Regional (Within East Africa)</b>	<b>Continental (Within Africa)</b>	<b>Global</b>		
	F	1	3	1	25		30
	%	3.3	10	3.3	83.3		100%
<b>Core business</b>	<b>Cut flowers</b>		<b>Cuttings</b>	<b>Pot plants</b>			
	F	29	1	0			30
	%	96.7	3.3	0			100%
<b>Engage in Strategic Management</b>	<b>YES</b>			<b>NO</b>			
	F	30		0			30
	%	100		0			100%
<b>Document strategies</b>	<b>YES</b>			<b>NO</b>			
	F	30		0			30
	%	100		0			100%

**Source:** Field Data (2013)

Based on age of the firms, this study has revealed that a majority of flower firms' studied are less than 5 years old, which represents 36.7%. The implication of this is that these firms are fairly young meaning that they have not engaged in strategic management for a long period of time and therefore one expects them to have some challenges as far as strategy implementation is concerned.

Based on the size (Number of employees), this study has revealed that a majority of the firms' studied have more than 500 employees, which represents 33.3%. The implication of this

revelation is that floriculture is a labour intensive industry, with employees as their key stakeholders. It therefore means that for these firms to effectively implement their chosen strategies, employee involvement in the implementation process is paramount.

Based on the scope of business, this study has revealed that a majority of those flower firms studied are global, which represents 83.3%. This implies that a majority of these firms are subsidiaries of multinationals, whose mother companies are distributed globally. The implication here is that policy matters as far as strategy implementation is concerned are designed at the mother companies and that these subsidiaries are only tasked with the implementation bit.

Based on the firms' core business, almost all, apart from one firm engage in cut flower business. The implication here is that flowers are high value crops which fetch huge income besides being an employment source for jobless citizens. It therefore means that for this business to be sustainable, appropriate strategies must not only be designed but also effectively implemented to achieve organizational success.

As to whether the flower firms studied engage in strategic management as well as document their strategies, all the firms recorded 100%. The implication here therefore is that strategic management is rife in these firms and that strategic management process is a formal process, which must be adopted in line with the set criterion, right from formulation of strategies to effective implementation, for the firms to realize their set goals.

The respondents were asked which role they play in the strategic management process in their organization and a majority of them indicated that they were Team leaders.

### 4.3 Factors Influencing Strategy Implementation among Flower Firms

The objective of this study was to determine the factors that influence strategy implementation among flower firms in Naivasha, Kenya. To achieve this objective, respondents were provided with 62 descriptive statements of both external and internal factors that influence strategy implementation as per the reviewed literature. These statements were then used to construct structured questionnaires to solicit the firms' view on a 5 pointlikert scale (where 1=not at all, 2= to ales extent, 3= to a moderate extent, 4= to a large extent and 5= to a very large extent).

The data analysis entailed one- sample t test at value 3 and factor analysis using principal component analysis as the factor extraction process. One- sample t test was carried out because the effective sample was 30, hence appropriate. The test value of 3 was chosen because it was the midpoint of the 5 point likert scale that was used in the questionnaires.

The one-sample t test generated mean scores, t values and significance levels at P=0.05 (95% Confidence level). A t-value above 3 indicates that the factor influences strategy to a large extent. The mean score value indicates the rating of a factor by the respondents as to its influence on strategy implementation. Findings of the study are presented in Table 4.2.

**Table 4.2 One-Sample t test**

<b>Factor</b>	<b>N</b>	<b>Mean</b>	<b>t-value</b>	<b>Sig.</b>
Determination of the timelines within which activities have to be completed	30	3.77	5.426	.000
Establishment of clear performance indicators(Outputs) for each strategy-related activity	29	3.66	3.272	.003
Assigning of responsibility for carrying out the strategy- relevant activities	30	3.70	3.751	.001
Resource mobilization and utilization	30	3.97	6.547	.000
Available organizational capabilities	30	3.93	5.635	.000
The existing reward structure in the organization	30	3.07	.403	.690
Reporting relationships in the organization between lower, middle and top Management	30	3.63	3.898	.001

Existing internal operating systems in the organization	29	3.52	2.483	.019
The physical work environment (Office space, tools of work) in the organization	29	3.28	1.767	.088
The level of delegation in the organization	30	3.60	4.539	.000
Existing relationships between employees and managers	30	3.70	3.881	.001
Functional relationships in the organization	29	3.62	4.076	.000
Clear definition of functional roles to implement the strategy	30	3.67	4.130	.000
Level of employee empowerment in the organization	30	3.47	2.379	.024
Existing policies in the organization	30	3.67	3.440	.002
Existing guidelines for daily activities in the organization	29	3.79	5.218	.000
Day-to-day directions given by management to employees to implement strategy	30	3.90	6.139	.000
The internal control mechanisms in the organization	30	3.60	4.267	.000
Contingency plans put in place to manage change in the organization	30	3.50	3.181	.003
Clear determination and definition of outcomes of strategy implementation	30	3.47	2.454	.020
Day-to-day decisions made by top management and their consistency towards effective strategy implementation	30	3.60	3.525	.001
The degree of supervision and coordination of activities in the organization	30	3.67	3.673	.001
Working relationships among employees in the organization	30	3.67	4.325	.000
Existing motivational activities for employees in an organization	30	3.43	2.359	.025
Monitoring and controlling of activities by top management in implementation of strategy	30	3.70	5.114	.000
Existence of budgetary allocation in the organization towards strategy Implementation	30	3.70	4.583	.000
Internal work climate of the organization( Values, beliefs and traditions)	30	3.30	1.608	.119
The degree of cooperation and commitment among functional departments of the organization	30	3.73	4.097	.000
Organization's flexibility to changing market conditions and competitive forces	30	3.60	3.275	.003
Top management commitment towards effective strategy Implementation	30	3.80	4.252	.000
Management decisions about the organization's relationship with the environment	30	3.73	3.717	.001
The degree of compatibility between the strategy and company values and beliefs	30	3.70	3.751	.001

The level of employees involvement in the strategy implementation process	30	3.57	2.894	.007
Organization's rate of adoption of new and relevant technologies( Greenhouse automation, Hydroponics)	30	3.50	2.475	.019
Existing guidelines on how internal activities are conducted and administered within the organization	30	3.37	2.362	.025
The availability of affordable credit facilities to the organization	30	3.67	4.325	.000
The prevailing inflation rates in Kenya's economy	30	4.13	8.500	.000
The prevailing interest rates (cost of borrowing) in Kenya's financial market	30	3.96	7.370	.000
Existing legal and regulatory parameters within which an organization must operate in	30	3.70	5.114	.000
Existing fair trade and anti-trust laws in Kenya	30	3.67	4.325	.000
Existing pricing regime in the industry	30	3.67	4.817	.000
Existing laws and legal provisions as regards to protection of employees	30	3.90	6.496	.000
Existing laws and legal provisions as regards to protection of consumers and the general public.	30	3.80	5.174	.000
Existing laws and legal provisions as regards to protection of the environment	30	4.03	6.656	.000
The level of external stakeholders' involvement in strategic decisions within an organization	30	3.73	4.253	.000
The degree of competition in the industry both locally and globally	30	3.87	4.419	.000
Existing communication mechanisms between top management and all employees of the organization	30	3.73	4.253	.000
The nature of your organization's relationship with the surrounding communities	30	3.30	1.608	.119
Existing market conditions locally and globally	30	3.90	5.835	.000
The nature of activities by trade unions and civil society	29	3.79	4.542	.000
Existing policies guiding formation of trade unions by organization's staff	30	3.63	3.357	.002
Availability of required human resource skills within the organization	30	3.43	2.443	.021
The degree of independency and inter-dependency of functional departments within the organization.	30	3.50	4.014	.000
The prevailing political climate within the vicinity (Naivasha) and the whole country (Kenya) at large.	30	3.43	2.149	.040
Organization's approach to embracing diversity in appointment to leadership positions	30	3.23	1.191	.243
The relationship between the organization and the surrounding community	29	3.28	1.612	.118
The nature of corporate social responsibility activities being carried out by the organization	30	3.17	.961	.344

Advancements in technology	30	3.63	4.080	.000
The level of security within the vicinity and in the country	29	3.45	2.654	.013
Existing guidelines in the organization as regards to employees welfare and compensation	30	3.43	2.644	.013
The level of HIV/AIDS prevalence among organizational members and in surrounding communities.	30	3.10	.593	.557

**Source:** Field Data (2013)

Key findings from one-sample t test indicate that the higher the mean scores, the higher the t-value and consequently the higher the significance level. Almost all factors under consideration in this study registered a mean score of more than three, which suggests that these mean score are statistically significant from the mid-point (3). The implication of this is that most respondents felt that these factors do influence strategy implementation to a larger extent. It also emerged that most of these factors were largely internal. Those that stood out, registering higher levels of significance include determination of timelines within which activities have to be completed, resource mobilization and utilization, available organizational capabilities, level of delegation in the organization and clear definition of functional roles to implement strategy.

To further bring out the key factors that influence strategy implementation among the flower firms in Naivasha, Factor analysis was carried out. Factor analysis was used to identify underlying variables, or, factors, that explain the pattern of correlations within a set of observed variables. Factor analysis resulted into communalities, total variance explained, component matrix and rotated component matrix illustrated in Tables 4.3, 4.4, 4.5 and 4.6 respectively.

**Table 4.3 Communalities**

<b>Factor</b>	<b>Initial</b>	<b>Extraction</b>
Clear identification of activities to be carried out to implement the strategy	1.000	.909



Determination of the timelines within which activities have to be completed	1.000	.938
Establishment of clear performance indicators(Outputs) for each strategy-related activity	1.000	.972
Assigning of responsibility for carrying out the strategy- relevant activities	1.000	.975
Resource mobilization and utilization	1.000	.950
Available organizational capabilities	1.000	.910
The existing reward structure in the organization	1.000	.939
Reporting relationships in the organization between lower, middle and top Management	1.000	.934
Existing internal operating systems in the organization	1.000	.973
The physical work environment (Office space, tools of work) in the organization	1.000	.914
The level of delegation in the organization	1.000	.941
Existing relationships between employees and managers	1.000	.910
Functional relationships in the organization	1.000	.957
Clear definition of functional roles to implement the strategy	1.000	.896
Level of employee empowerment in the organization	1.000	.951
Existing policies in the organization	1.000	.881
Existing guidelines for daily activities in the organization	1.000	.949
Day-to-day directions given by management to employees to implement strategy	1.000	.868
The internal control mechanisms in the organization	1.000	.916
Contingency plans put in place to manage change in the organization	1.000	.911
Clear determination and definition of outcomes of strategy implementation	1.000	.949
Day-to-day decisions made by top management and their consistency towards effective strategy implementation	1.000	.920
The degree of supervision and coordination of activities in the organization	1.000	.933
Working relationships among employees in the organization	1.000	.947
Existing motivational activities for employees in an organization	1.000	.905
Monitoring and controlling of activities by top management in implementation of strategy	1.000	.958
Existence of budgetary allocation in the organization towards strategy Implementation	1.000	.909
Internal work climate of the organization( Values, beliefs and traditions)	1.000	.976
The degree of cooperation and commitment among functional departments of the organization	1.000	.914
Organization's flexibility to changing market conditions and competitive forces	1.000	.787
Top management commitment towards effective strategy	1.000	.987

Implementation		
Management decisions about the organization's relationship with the environment	1.000	.967
The degree of compatibility between the strategy and company values and beliefs	1.000	.927
The level of employees involvement in the strategy implementation process	1.000	.979
Organization's rate of adoption of new and relevant technologies(Greenhouse automation, Hydroponics)	1.000	.980
Existing guidelines on how internal activities are conducted and administered within the organization	1.000	.931
The availability of affordable credit facilities to the organization	1.000	.946
The prevailing inflation rates in Kenya's economy	1.000	.923
The prevailing interest rates (cost of borrowing) in Kenya's financial market	1.000	.955
Existing legal and regulatory parameters within which an organization must operate in	1.000	.893
Existing fair trade and anti-trust laws in Kenya	1.000	.978
Existing pricing regime in the industry	1.000	.889
Existing laws and legal provisions as regards to protection of employees	1.000	.947
Existing laws and legal provisions as regards to protection of consumers and the general public.	1.000	.866
Existing laws and legal provisions as regards to protection of the environment	1.000	.897
The level of external stakeholders' involvement in strategic decisions within an organization	1.000	.949
The degree of competition in the industry both locally and globally	1.000	.965
Existing communication mechanisms between top management and all employees of the organization	1.000	.870
The nature of your organization's relationship with the surrounding communities	1.000	.890
Existing market conditions locally and globally	1.000	.936
The nature of activities by trade unions and civil society	1.000	.952
Existing policies guiding formation of trade unions by organization's staff	1.000	.980
Availability of required human resource skills within the organization	1.000	.933
The degree of independency and inter-dependency of functional departments within the organization.	1.000	.914
The prevailing political climate within the vicinity (Naivasha) and the whole country (Kenya) at large.	1.000	.921
Organization's approach to embracing diversity in appointment to leadership positions	1.000	.970
The relationship between the organization and the surrounding	1.000	.920

community		
The nature of corporate social responsibility activities being carried out by the organization	1.000	.939
Advancements in technology	1.000	.871
The level of security within the vicinity and in the country	1.000	.935
Existing guidelines in the organization as regards to employees welfare and compensation	1.000	.911
The level of HIV/AIDS prevalence among organizational members and in surrounding communities.	1.000	.935

Extraction Method: Principal Component Analysis.

**Source:** Field Data (2013)

Communalities in indicate how much of the variance in the variables studied has been accounted for by the extracted factors. Results Table 4.3 indicate that over 90% of the variance in the factors that influence strategy implementation among flower firms in Naivasha, Kenya, have been accounted for by the extracted factors (15). The implication out of these findings is that most of these factors, both internal and external to the organization, do influence strategy implementation to a large extent.

**Table 4.4 Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	21.269	34.305	34.305	21.269	34.305	34.305	10.036	16.187	16.187
2	5.930	9.564	43.869	5.930	9.564	43.869	7.351	11.856	28.043
3	4.646	7.493	51.362	4.646	7.493	51.362	7.284	11.748	39.791
4	4.162	6.713	58.075	4.162	6.713	58.075	4.099	6.611	46.402
5	3.679	5.934	64.009	3.679	5.934	64.009	3.820	6.161	52.563
6	2.763	4.457	68.466	2.763	4.457	68.466	3.440	5.549	58.112
7	2.450	3.952	72.419	2.450	3.952	72.419	2.974	4.798	62.909
8	2.354	3.797	76.216	2.354	3.797	76.216	2.957	4.769	67.678
9	1.950	3.146	79.361	1.950	3.146	79.361	2.864	4.619	72.297
10	1.758	2.836	82.197	1.758	2.836	82.197	2.863	4.618	76.916

11	1.514	2.442	84.639	1.514	2.442	84.639	2.406	3.880	80.795
12	1.490	2.404	87.042	1.490	2.404	87.042	2.003	3.231	84.026
13	1.416	2.283	89.326	1.416	2.283	89.326	1.961	3.163	87.189
14	1.227	1.979	91.305	1.227	1.979	91.305	1.919	3.095	90.284
15	1.039	1.675	92.980	1.039	1.675	92.980	1.672	2.696	92.980
16	.878	1.416	94.396						
17	.722	1.164	95.560						
18	.596	.961	96.521						
19	.520	.838	97.359						
20	.456	.735	98.095						
21	.421	.679	98.773						
22	.332	.536	99.310						
23	.254	.410	99.720						
24	.174	.280	100.000						
25	4.781E-15	7.712E-15	100.000						
26	2.310E-15	3.725E-15	100.000						
27	1.191E-15	1.921E-15	100.000						
28	1.080E-15	1.741E-15	100.000						
29	7.726E-16	1.246E-15	100.000						
30	7.398E-16	1.193E-15	100.000						
31	6.782E-16	1.094E-15	100.000						
32	5.803E-16	9.359E-16	100.000						
33	5.433E-16	8.763E-16	100.000						
34	4.531E-16	7.308E-16	100.000						
35	3.816E-16	6.155E-16	100.000						
36	3.592E-16	5.793E-16	100.000						
37	2.744E-16	4.426E-16	100.000						
38	2.667E-16	4.302E-16	100.000						
39	2.334E-16	3.764E-16	100.000						
40	1.339E-	2.160E-	100.000						

	16	16							
41	9.462E-17	1.526E-16	100.000						
42	3.817E-17	6.156E-17	100.000						
43	-1.223E-18	- 1.973E-18	100.000						
44	-3.269E-17	- 5.273E-17	100.000						
45	-8.523E-17	- 1.375E-16	100.000						
46	-1.292E-16	- 2.084E-16	100.000						
47	-1.689E-16	- 2.724E-16	100.000						
48	-1.942E-16	- 3.132E-16	100.000						
49	-2.623E-16	- 4.230E-16	100.000						
50	-3.115E-16	- 5.024E-16	100.000						
51	-3.638E-16	- 5.868E-16	100.000						
52	-3.995E-16	- 6.444E-16	100.000						
53	-5.054E-16	- 8.151E-16	100.000						
54	-5.283E-16	- 8.520E-16	100.000						
55	-5.815E-16	- 9.379E-16	100.000						
56	-6.215E-16	- 1.002E-	100.000						

		15																
57	-6.334E-16	-1.022E-15	100.000															
58	-8.085E-16	-1.304E-15	100.000															
59	-8.736E-16	-1.409E-15	100.000															
60	-1.170E-15	-1.888E-15	100.000															
61	-1.254E-15	-2.022E-15	100.000															
62	-1.618E-15	-2.609E-15	100.000															

Source: Field Data (2013)

Total variance explained shows all the factors extractable from the analysis along with their eigenvalues, the percent of variance attributable to each factor, and the cumulative variance of the factor and the previous factors. From the findings (Table 4.4), it was noted that the first component accounted for 34.3% of the total variance. The implication here is that most factors that influence strategy implementation in flower firms revolve largely along one component, which from these findings indicates organizational structure.

**Table 4.5 Component Matrix**

	<b>Components</b>														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
The degree of supervision and coordination of activities in the organization	.821														
Existing relationships between employees and managers	.820							.311							
Assigning of	.81								.319						

responsibility for carrying out the strategy- relevant activities	9													
The degree of cooperation and commitment among functional departments of the organization	.817													
The internal control mechanisms in the organization	.805										.328			
The nature of corporate social responsibility activities being carried out by the organization	.794													
Organization's rate of adoption of new and relevant technologies( Greenhouse automation, Hydroponics)	.758													
Determination of the timelines within which activities have to be completed	.748													
Working relationships among employees in the organization	.744													
Clear definition of functional roles to implement the strategy	.741													
Day-to-day directions given by management to employees to implement strategy	.725													
Existing policies in the organization	.704													
Existing internal operating systems in the organization	.698													
Existing guidelines in the organization as regards to employees welfare and compensation	.697													
Existing communication mechanisms between top	.696													

management and all employees of the organization																	
Establishment of clear performance indicators(Outputs) for each strategy-related activity	.686			- .378													
Functional relationships in the organization	.680			.387				.350									
Existence of budgetary allocation in the organization towards strategy Implementation	.672												- .335				
Existing guidelines on how internal activities are conducted and administered within the organization	.672	.398											- .327				
Clear determination and definition of outcomes of strategy implementation	.663	- .474															.357
Existing guidelines for daily activities in the organization	.662		.465														
The degree of competition in the industry both locally and globally	.654			- .395													
Level of employee empowerment in the organization	.649	- .485	.306														
Organization's flexibility to changing market conditions and competitive forces	.644																
Existing laws and legal provisions as regards to protection of consumers and the general public.	.640							.458									
Resource mobilization and utilization	.638	- .436															- .405
Reporting relationships in the organization between lower, middle and top	.627	- .405															.302



Management																			
The level of security within the vicinity and in the country	.627							.432											
Existing laws and legal provisions as regards to protection of the environment	.623		- .445																
The nature of your organization's relationship with the surrounding communities	.621	.336		.323															- .301
Internal work climate of the organization( Values, beliefs and traditions)	.607	- .309		.498	.317														
Existing laws and legal provisions as regards to protection of employees	.606		- .383					- .372		.387									
Top management commitment towards effective strategy Implementation	.591		- .540																
Existing motivational activities for employees in an organization	.591	- .336		.331				.336											
The level of employees involvement in the strategy implementation process	.584	- .486							.385										.355
Clear identification of activities to be carried out to implement the strategy	.580	- .506																	
The prevailing political climate within the vicinity (Naivasha) and the whole country (Kenya) at large.	.544	.398																	
Day-to-day decisions made by top management and their consistency towards effective strategy implementation	.526																		
Existing pricing regime in the industry	.476	.427																	
Contingency plans put in place to manage change	.438		.377		.397														

in the organization																		
The existing reward structure in the organization	.354	-.610		.448														
The level of external stakeholders' involvement in strategic decisions within an organization	.397	.574																
The level of delegation in the organization	.510	.548																
Existing fair trade and anti-trust laws in Kenya		.496		.318		.330		-.321										
The nature of activities by trade unions and civil society	.445	.467				-.334		.307										
The physical work environment (Office space, tools of work) in the organization		.524		.556														
Existing policies guiding formation of trade unions by organization's staff				.539		.412		.514										
The degree of independency and inter-dependency of functional departments within the organization.		.508		.522														
Management decisions about the organization's relationship with the environment	.453			-.495		.381		.322										
Existing market conditions locally and globally	.452			-.488		-.428		.353										
Existing legal and regulatory parameters within which an organization must operate in				-.477		-.441		.465										
The degree of compatibility between the strategy and company values and beliefs	.508	-.325		.654														
Advancements in technology	.575			-.59														

				7											
Monitoring and controlling of activities by top management in implementation of strategy	.439			-.503		.360	.371								
The availability of affordable credit facilities to the organization				.310	-.654			.378							
Available organizational capabilities	.370	-.344			.534										
The relationship between the organization and the surrounding community	.403	.378		.380	.476										
The level of HIV/AIDS prevalence among organizational members and in surrounding communities.		.313	.359	.309	.397			.316							.380
The prevailing interest rates (cost of borrowing) in Kenya's financial market				.423	.440	.634									
The prevailing inflation rates in Kenya's economy	.323	.468				.513									
Organization's approach to embracing diversity in appointment to leadership positions	.469		.428												
Availability of required human resource skills within the organization	.449		.358				.342							.459	

Extraction Method: Principal Component Analysis.

15 components extracted.

**Source:** Field Data (2013)

Component matrix shows the loadings of the sixty two variables on the fifteen factors extracted. Results from this matrix indicate that the higher the absolute value of the loading, the more the factor contributes to the variable. The gaps on the table represent loadings that are less than 0.3. The key findings from this matrix indicate that the majority of the variables loaded

more on factor one as opposed to the other factors. The implication here is that most of the factors that influence strategy implementation are largely internal to the organization and revolve around one component.

**Table 4.6 Rotated Component Matrix**

	Components														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Level of employee empowerment in the organization	.832						-.306								
Existing internal operating systems in the organization	.811														
The level of employees involvement in the strategy implementation process	.803						.381								
The existing reward structure in the organization	.795														-.355
Clear determination and definition of outcomes of strategy implementation	.790	.432													
Existing motivational activities for employees in an organization	.774														
Internal work climate of the organization( Values, beliefs and traditions)	.648		.390			-.321		.302							
Clear identification of activities to be carried out to implement the strategy	.616	.459													
Reporting relationships in the organization between lower, middle and top Management	.607	.426													-.491
The degree of compatibility between the strategy and company values and beliefs	.606		.408												
The nature of corporate social responsibility activities being carried out by the organization	.580		.328					.303							

Organization's flexibility to changing market conditions and competitive forces	.579													
The degree of cooperation and commitment among functional departments of the organization	.554	.432							.389					
Clear definition of functional roles to implement the strategy	.527	.390	.325											
Available organizational capabilities	.440													.335
Existing market conditions locally and globally		.885												
Assigning of responsibility for carrying out the strategy- relevant activities	.700	.451												
Determination of the timelines within which activities have to be completed	.480	.697												.342
Existing relationships between employees and managers	.406	.688												
Advancements in technology		.659												.438
Establishment of clear performance indicators(Outputs) for each strategy-related activity		.633												
Existence of budgetary allocation in the organization towards strategy Implementation	.432	.600												.401
Functional relationships in the organization	.568													.441
Management decisions about the organization's relationship with the environment			.916											
Top management commitment towards effective strategy Implementation			.885											

Existing laws and legal provisions as regards to protection of the environment			.797											
Organization's rate of adoption of new and relevant technologies( Greenhouse automation, Hydroponics)			.603	.392					.347					
The degree of competition in the industry both locally and globally		.514	.599						.335					
The degree of supervision and coordination of activities in the organization	.329	.425	.564		.385							.308		
The internal control mechanisms in the organization	.523		.526	.344										
Existing guidelines in the organization as regards to employees welfare and compensation			.496	.318			.427						.355	
The level of security within the vicinity and in the country		.427	.475									.304		
Day-to-day directions given by management to employees to implement strategy	.419		.465				.341							
Working relationships among employees in the organization	.412		.445	.408					.336				.354	
Existing fair trade and anti-trust laws in Kenya				.869										
Existing pricing regime in the industry				.790										
Day-to-day decisions made by top management and their consistency towards effective strategy implementation			.420	.744										
Existing guidelines on how internal activities are conducted and administered within the			.358	.474	.307	.329								

organization																		
The degree of independency and inter-dependency of functional departments within the organization.				.862														
The nature of your organization's relationship with the surrounding communities		.402		.616														
Existing guidelines for daily activities in the organization	.502			.537	.367													
Existing policies in the organization	.3667	.327	.322	.3043	.533													
The physical work environment (Office space, tools of work) in the organization				.3504	.524	.325		.455										
The nature of activities by trade unions and civil society					.861													
Existing policies guiding formation of trade unions by organization's staff					.635		.439				.397							
Monitoring and controlling of activities by top management in implementation of strategy		.325			.566						.521							
The prevailing interest rates (cost of borrowing) in Kenya's financial market						.927												
The level of HIV/AIDS prevalence among organizational members and in surrounding communities.							.942											
The relationship between the organization and the surrounding community		.423		.489			.532											
Existing legal and regulatory parameters within which an organization must operate in				.317			.348				.309							





The idea of rotation was to reduce the number factors on which the variables under investigation have high loadings. Key findings from this analysis indicate that a majority of internal factors (Organization structure, culture, employee involvement in strategy implementation) loaded on component one. External factors (economic factors, technology, competition, legal climate) loaded more on component two. It was also noted that internal factors involving management decisions loaded more on component three. The rest of the factors were distributed among the remaining components.

#### **4.4 Discussion**

The study sought to determine the factors that influence strategy implementation among flower firms in Naivasha, Kenya. The findings from this study show that there is formal strategic management process among the flower firms studied, but the hurdle remains with the implementation bit. This study was anchored on open systems theory and industrial organization economics theory.

Open systems theory postulates that all organizations lend themselves to the external environment. This study has revealed that some departments within the organization act as sub systems and interact with the organization, in the effort to implement strategy. The organization also interacts with its external environment under which it operates, thus supporting the open systems theory. Since industrial organization economics theory is derived from open systems theory, this study also supports this theory.

Studies have been carried out on strategy implementation, and this study is in support of their findings. Awino (2000) studied the effectiveness and problems of strategy implementation of

financing Higher Education in Kenya by the Higher Education Loans Board. Awino found out that lack of policies in the major areas of loans recovery at HELB contributed to the dismal performance of loans recovery of the outstanding loans. This study is in support of Awino's findings that organizational policies play an important role as far as strategy implementation is concerned. Koske's (2003) focused on Strategy implementation and its challenges at Telkom Kenya Limited. Koske found out that the current organizational structure, corporate culture and top management commitment support the implementation of documented strategies. These findings are largely supported by this study.

Ochanda (2006) studied on challenges of strategy implementation at Kenya Industrial Estates. Ochanda found out that organizational structure, leadership, organizational culture, reward structure and organizational policies are critical factors that have to be considered for effective implementation of strategies. This study too supports these findings. Ngunjiri (2006) studied on challenges of strategy implementation at the Kenya Institute of Management. Ngunjiru found out that some aspects of the organizational culture and structure, high degrees of staff turnover, infighting instead of collaboration and resistance to change as the major challenges that hinder strategy implementation. These findings are in agreement with this study.

Onyango (2012) focused on factors influencing implementation of the Kenya Sugar Industry strategic plan (2010-2014). Onyango found out that financial resource, human resources, company policies and procedures were critical factors as far as implementation of the strategic plan was concerned. These findings too, are supported by the findings of this study.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

In this chapter, the findings of the research are summarized and discussed. This chapter also highlights on the limitations of the study and recommendations for further research and for policy and practice.

### **5.2 Summary of Findings**

Strategy implementation is widely concerned with how the strategy is chosen and put into effect to yield the desired results. The objective of this study was to determine the factors influencing strategy implementation among flower firms in Naivasha, Kenya.

Results from Table 4.2 (one sample t test) indicated that the higher the significance level, the higher the t value and the less the significance, the lower the t value. Given that the middle point in this case was three (3), most respondents indicated that the factors do influence strategy implementation to a large extent as their scores were way above three. This then indicated that the means were statistically different from the middle point.

Factor Analysis yielded results from Communalities, Total variance explained, Component Matrix and Rotated Component Matrix, which are presented in Tables 4.3, 4.4, 4.5 and 4.6 respectively. Factor Analysis reduced the sixty two factors into fifteen components, and out of these components, it was deduced that a majority of internal factors loaded more onto component one.

### **5.3 Conclusion**

Findings that resulted from the analysis of both one-sample t-test and Factor analysis indicate that both external and internal factors do influence strategy implementation to a large extent.

These findings however, indicate that internal factors outweigh external factors. The management teams of flower firms are hereby informed to be privy of these factors, which include: organizational structure, organizational culture, leadership, employee involvement in strategy implementation process and internal organization policies. These factors largely concern the institutionalization of strategy, which is a key dimension of effective strategy implementation.

It can be further concluded that management teams of other organizations ought to be cognizant of the above pointed out factors that influence strategy implementation. This is because even though the current study was carried out in a different context and adopting a different design, its findings have largely agreed with findings of similar previous studies (Awino, 2000; Koske, 2003; Ochanda, 2006 among others), which were carried out in different contexts and adopting different design. These findings too agree with the open systems theory, under which this study was anchored.

#### **5.4 Recommendations for Policy and Practice**

For the Flower firms in Naivasha, Kenya to effectively implement their documented strategies, they should fall back and look at their failures and obstacles and then change course. They should look at both the internal and external factors that derail smooth implementation of strategy and develop policies along this line to mitigate and offer corrective measures.

Some of the factors that the Management of Flower firms need to relook include the degree of supervision and coordination of activities in the organization, existing relationships between employees and managers, clear assignment of responsibilities to carry out the strategy-relevant activities, the degree of cooperation and commitment among functional departments of the organization and the internal control mechanisms in the organization.

### **5.5 Limitations of the Study**

After evaluating the results of this study, the following limitations should be kept in mind. The limitations take on conceptual, contextual, and methodological manifestations. Conceptually, the study only focused on factors influencing strategy implementation among flower firms in Naivasha Kenya, and that there was no link to their performance.

Contextually, the study was limited to flower firms from Naivasha, Kenya, and that these findings may not represent the whole country. Methodologically, that this study relied on General Managers, Farm managers and Production managers to fill the questionnaires, and now in the absence of the interviewer, these questionnaires could have been filled by other subordinate staff, who might not be actively involved in the strategy implementation process, therefore creating a source of bias.

### **5.6 Suggestions for Further Research**

What this research has achieved can only be considered to be little, thus requiring further research work. Future study should link strategy implementation to performance, to ascertain how the two relate in respect to each other.

There is need also to carry out the study in all areas where flower firms exist in the country, to try and find out whether the findings from one region(for instance Naivasha) can truly represent the entire country. A replication of this study should be done after some time to find out if there are any changes that might have taken place as a result of time difference and then comparisons to be made with the current data, so that viable recommendations can be drawn.

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## APPENDICES

### Appendix I: Research Questionnaire

#### PART A: ORGANIZATIONAL BIO DATA

1. Name of Firm:
2. Age (Year of incorporation): \_\_\_\_\_
3. Size of Firm (Number of permanent employees):

(Please tick appropriately)

100-200	<input type="checkbox"/>
201- 300	<input type="checkbox"/>
301- 400	<input type="checkbox"/>
401- 500	<input type="checkbox"/>
Above 500	<input type="checkbox"/>

4. Scope of Business

(Please tick appropriately)

Kenya	<input type="checkbox"/>
East Africa	<input type="checkbox"/>
Africa	<input type="checkbox"/>
Global	<input type="checkbox"/>

5. Core business

Cut flowers	<input type="checkbox"/>
Cuttings	<input type="checkbox"/>
Pot plants	<input type="checkbox"/>

#### PART B: STRATEGIC MANAGEMENT IN FLOWER FIRMS

1. Does your organization engage in Strategic management

YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
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2. Does your organization have documented strategies

YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
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3. What is your role in the organization's strategic planning process?

**PART C: FACTORS INFLUENCING STRATEGY IMPLEMENTATION IN FLOWER FIRMS:**

The following are some of the factors that might have had influence on Strategy Implementation in your organization. *Please indicate the extent to which each factor has influenced strategy implementation in your firm.* Use the key below and tick as appropriate.

Key:

1- Not at all; 2- To a less extent; 3- Moderate extent; 4- Large extent

5- Very large extent

No.	Factor	1	2	3	4	5
1	Clear identification of activities to be carried out to implement the strategy					
2	Determination of the timelines within which activities have to be completed					
3	Establishment of clear performance indicators(Outputs) for each strategy-related activity					
4	Assigning of responsibility for carrying out the strategy-relevant activities					
5	Resource mobilization and utilization					
6	Available organizational capabilities					
7	The existing reward structure in the organization					
8	Reporting relationships in the organization between lower, middle and top Management					
9	Existing internal operating systems in the organization					
10	The physical work environment (Office space, tools of work) in the organization					
11	The level of delegation in the organization					
12	Existing relationships between employees and managers					
13	Functional relationships in the organization					
14	Clear definition of functional roles to implement the strategy					
15	Level of employee empowerment in the organization					
16	Existing policies in the organization					
17	Existing guidelines for daily activities in the organization					

18	Day-to-day directions given by management to employees to implement strategy					
19	The internal control mechanisms in the organization					
20	Contingency plans put in place to manage change in the organization					
21	Clear determination and definition of outcomes of strategy implementation					
22	Day-to-day decisions made by top management and their consistency towards effective strategy implementation					
23	The degree of supervision and coordination of activities in the organization					
24	Working relationships among employees in the organization					
25	Existing motivational activities for employees in an organization					
26	Monitoring and controlling of activities by top management in implementation of strategy					
27	Existence of budgetary allocation in the organization towards strategy Implementation					
28	Internal work climate of the organization( Values, beliefs and traditions)					
29	The degree of cooperation and commitment among functional departments of the organization					
30	Organization's flexibility to changing market conditions and competitive forces					
31	Top management commitment towards effective strategy Implementation					
32	Management decisions about the organization's relationship with the environment					
33	The degree of compatibility between the strategy and company values and beliefs					
34	The level of employees involvement in the strategy implementation process					
35	Organization's rate of adoption of new and relevant technologies( Greenhouse automation, Hydroponics)					
36	Existing guidelines on how internal activities are conducted and administered within the organization					
37	The availability of affordable credit facilities to the organization					
38	The prevailing inflation rates in Kenya's economy					

39	The prevailing interest rates (cost of borrowing) in Kenya's financial market					
40	Existing legal and regulatory parameters within which an organization must operate in					
41	Existing fair trade and anti-trust laws in Kenya					
42	Existing pricing regime in the industry					
43	Existing laws and legal provisions as regards to protection of employees					
44	Existing laws and legal provisions as regards to protection of consumers and the general public.					
45	Existing laws and legal provisions as regards to protection of the environment					
46	The level of external stakeholders' involvement in strategic decisions within an organization					
47	The degree of competition in the industry both locally and globally					
48	Existing communication mechanisms between top management and all employees of the organization					
49	The nature of your organization's relationship with the surrounding communities					
50	Existing market conditions locally and globally					
51	The nature of activities by trade unions and civil society					
52	Existing policies guiding formation of trade unions by organization's staff					
53	Availability of required human resource skills within the organization					
54	The degree of independency and inter-dependency of functional departments within the organization.					
55	The prevailing political climate within the vicinity (Naivasha) and the whole country (Kenya) at large.					
56	Organization's approach to embracing diversity in appointment to leadership positions					
57	The relationship between the organization and the surrounding community					
58	The nature of corporate social responsibility activities being carried out by the organization					
59	Advancements in technology					
60	The level of security within the vicinity and in the country					
61	Existing guidelines in the organization as regards to employees welfare and compensation					
62	The level of HIV/AIDS prevalence among organizational members and in surrounding communities.					

## **Appendix II: List of Flower Firms in Naivasha, Kenya**

1. NIRP EAST AFRICA LTD
2. OLNJOROWA
3. WILD FIRE
4. SAVANNAH INTERNATIONAL
5. OLIJ
6. FINLAYS FLAMINGO
7. NINI
8. LAMORNA
9. FINLAYS KINGFISHER
10. KARUTURI
11. VAN DEN BERG
12. FLORENSIS
13. LONGONOT HORTICULTURE
14. PLANTATION PLANT
15. LEX
16. OSERIAN
17. DE RUITERS
18. STOCKMAN ROZEN
19. DURO FARM
20. AQUILA
21. SHALMAR
22. BILASHAKA
23. COLOUR CROP
24. GROOVE
25. BEAUTY LINE
26. SUN BUDS
27. TULAGA
28. STAR
29. KREATIVE
30. SCHREURS
31. INTERPLANT
32. PANDA
33. BIGOT
34. RIFT VALLEY ROSES
35. LIVEWIRE
36. HAMWE
37. TOP HARVEST.

***SOURCE: KENYA FLOWER COUNCIL, AS AT 30.06.13***

**Appendix III: Letter of Introduction**

**ALFAXARD GEKARA KURENDI**

**BAYER EAST AFRICA LTD**

**P O BOX 30321- 00100**

**NAIROBI**

**TO WHOM IT MAY CONCERN**

**Dear Sir/Madam,**

**RE: REQUEST FOR RESEARCH DATA**

I am a postgraduate student at the University of Nairobi in the School of Business undertaking a Master Degree in Business Management (Strategic Management). As one of the requirement for the award of the degree, I am supposed to carry out a research and produce a project. I am carrying out a study on the factors that influence Strategy Implementation among Flower firms in Naivasha.

Because this study is a cross-sectional survey, I am intending to collect data through structured questionnaires, which I will then record your responses after they have been filled. Am therefore kindly requesting your Organization to allow me to drop the questionnaires at the firm and then pick them at a later date after they have been filled. The respondents of the study will be drawn from top management of the Firm (General Manager, Farm Manager and Production Managers).

I look forward for your positive response.

Thank you

Yours faithfully,

KurendiG.Alfaxard