# STRATEGIC MANAGEMENT AND ENTREPRENUERSHIP IN FOOD PROCESSING COMPANIES IN NAIROBI COUNTY

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

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## **DECLARATION**

I Boru Diba Roba, hereby declare that this research project is my original work and has not been submitted in any other university.

Signature..... Date.....

BORU DIBA ROBA REG. NO. D61/70637/2008

### **SUPERVISOR'S APPROVAL**

This research project has been submitted by Boru Diba Roba for presentation with my approval as university supervisor.

Signature..... Date.....

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#### **DEDICATION**

This research project is dedicated to the Almighty God for His grace, mercy and blessing that have seen me through the study period.

To my lovely wife, Rukia Boru and beautiful children, Zeinabu Tarri, Diba Boru and Guyo Boru. They have been my greatest source of inspiration to continue working hard in life.

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## **TABLE OF CONTENTS**

DECLARATION	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
LIST OF TABLES	vii
ABBREVIATIONS AND ACRONYMS	viii
ABSTRACT	ix
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Concept of Strategic Management	
1.1.2 Concept of Entrepreneurship	
1.1.3 Manufacturing Sector in Kenya	4
1.1.4 Food Manufacturing Sector	5
1.2 Research Problem	6
1.3 Research Objective	
1.4 Value of the Research	
CHAPTER TWO: LITERATURE REVIEW	10
CHAPTER TWO: LITERATURE REVIEW	
2.1 Introduction	10 10
<ul><li>2.1 Introduction</li><li>2.2 Theoretical Foundation</li></ul>	10 10 11
<ul><li>2.1 Introduction</li><li>2.2 Theoretical Foundation</li><li>2.3 Strategic Management in Organization</li></ul>	10 10 11 12
<ul> <li>2.1 Introduction</li> <li>2.2 Theoretical Foundation</li> <li>2.3 Strategic Management in Organization</li></ul>	
<ul> <li>2.1 Introduction</li> <li>2.2 Theoretical Foundation</li></ul>	
<ul> <li>2.1 Introduction</li></ul>	

3.5 Data Collection	
3.6 Data Analysis	
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	
4.1 Introduction	
4.2 Company Profiles	
4.3 Samples by Sector	
4.4 Data Validity and Reliability	
4.5 Strategic Management Variables	
4.6 Entrepreneurship Variables	
4.7 Relationship between Strategic Management and Entrepreneurship	
4.8 Discussions of Results	
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDAT	
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDAT	
5.1 Introduction	
<ul><li>5.1 Introduction</li><li>5.2 Summary of the Findings</li></ul>	37 37 38
<ul><li>5.1 Introduction</li><li>5.2 Summary of the Findings</li><li>5.3 Conclusion of the Study</li></ul>	
<ul> <li>5.1 Introduction</li></ul>	

# LIST OF TABLES

Table 1: Number of Samples by Sector	25
Table 2: Strategic Management Attributes	26
<b>Table 3:</b> Entrepreneurship Attributes	
Table 4: Correlation Analysis	

## **ABBREVIATIONS AND ACRONYMS**

- EAC East African Community
- EU European Union
- KAM Kenya Association of Manufacturers
- KIPPRA Kenya Institute for Public Policy and Research Analysis
- MDGs Millennium Development Goals
- **PPP** Public Private Partnerships
- **SEZ** Special Economic Zones
- **SME** Small and Medium Enterprises

#### ABSTRACT

In times of growing uncertainty and increasing speed of change, both new threats and new opportunities emerge. The identification and exploitation of these opportunities is the essence of entrepreneurship whereas the essence of strategic management is in how these opportunities can be transformed into sustainable competitive advantages. This study is based on the theory of Resource Based View (RBV). The RBV is used by strategic management scholars and increasingly by entrepreneurship scholars to identify and explain persistent performance differences among firms. This study examines the relationship between entrepreneurship intensity and four specific strategic management practices in a sample of 52 Kenyan manufacturing firms. The four strategic management practices include: analysis, planning, flexibility and control attributes. A structured questionnaire was used to collect the primary data while secondary data was gathered from reports, websites and journals. Data was analyzed using SPSS as a tool of analysis and the results of the study indicated a positive relationship between entrepreneurship intensity and analysis, planning, flexibility and strategic controls. The fine-grained nature of these results may be of practical use to firms that are trying to become more entrepreneurial and may help researchers better understand the interface between strategic management and corporate entrepreneurship. The compelling theme that emerges from this study is that a firm's strategic management practices influences its entrepreneurial intensity.

**Key Words**; Strategic Analysis, Strategic Planning, Strategic Flexibility, Strategic Control and Entrepreneurial Behavior.

#### **CHAPTER ONE: INTRODUCTION**

#### 1.1 Background of the Study

The development of the field of strategic management within the last two decades has been dramatic (Hoskisson, wan, and yiu, 1999) and it grows larger every day. Because of the nature of the strategy it does not contain universal truth that can be documented through scientific theorems and proofs (Chinowski and Byrd, 2001). According to Anand and singh (1997) a significant amount of the empirical studies in strategy were concerned about the scope of the firm and its performance implications. However, strategic management generally addresses the question of why some organizations succeed or fail, and it covers the causes for company's success or failures (Porter, 1991).

Studies in strategic management have shown that strategic management practices is concerned with deciding on strategy and planning how that strategy is to be put into effect. It can be thought of as having three elements within it: there is strategic choice stage which is to do with formulation of possible course of action, their evaluation and the choice between them. Finally, there is strategic implementation stage which is to do with planning how the choice of strategy can be put into effect (Kazmi, 2008).

Both strategic management and entrepreneurship academic fields are focused on the process of adapting to change and exploiting opportunities. Despite this shared focus, they have developed largely independently of each other (Hitt, Ireland and Hoskisson, 2001). Recently, scholars have called for the integration of these two fields (Meyer & Heppard, 2000; McGrath & MacMillan, 2000). The need for integration emerges as strategists, on the one hand, need to use resources in order to exploit opportunities

(mostly under uncertain conditions) and entrepreneurs, on the other hand, need to include a strategic perspective in their planning and actions.

In times of growing uncertainty and increasing speed of change, both new threats and new opportunities emerge (Brown & Eisenhardt, 1998; Shane & Venkataraman, 2000). The identification and exploitation of these opportunities is the essence of entrepreneurship whereas the essence of strategic management is in how these opportunities can be transformed into sustainable competitive advantages (Zahra & Dess, 2001; Venkataraman & Sarasvathy, 2001). Both disciplines are concerned with value creation, acknowledging it as a major organizational goal. Entrepreneurial actions and strategic actions can contribute to value creation independently, but they can contribute even more when they are integrated. Indeed, entrepreneurial opportunity-seeking is at the same time also strategic behaviour with the aim of value creation (Ireland, Hitt, & Simon, 2003). A central interest of researchers in strategic management is to explain differences of enterprises in their value creation an interest which is increasingly shared by researchers in the field of entrepreneurship as well (Ireland, Hitt, Camp, & Sexton, 2001).

According to Kenya Institute of Public Policy and Research Analysis (KIPPRA), the manufacturing sector in Kenya constitutes 70 per cent of the industrial sector contribution to GDP, with building, construction, mining and quarrying cumulatively contributing the remaining 30 per cent. Kenya Vision 2030 identifies the manufacturing sector as one of the key drivers for realizing a sustained annual GDP growth of 10 per cent. The manufacturing sector has high, yet untapped potential to contribute to employment and GDP growth. Unlike the agriculture sector, which is greatly limited by land size, the manufacturing sector has high potential in

employment creation and poverty alleviation since it is less affected by land size. The contribution of the manufacturing sector to GDP has continued to stagnate at about 10 per cent, with contribution to wage employment on a declining trend.

#### **1.1.1 Concept of Strategic Management**

Thompson and Strickland, (2003) defined strategic management practice as the process whereby managers establish an organizational long term direction, set specific performance objective, develop strategies to achieve these objectives in the light of all relevant internal and external circumstances, and undertake to execute the chosen action plans. According to Drucker (1974), the prime task of strategic management is thinking through the overall mission of a business.

Since no organization has unlimited resources, strategist must decide which alternative strategies benefit the firm most (Fred, 1997). Thus a strategy reflects managerial choice among alternatives and signals organization commitment to particular product, market, competitive approaches and ways of operating the enterprise (Thompson and Strickland, 2003). Furthermore, different organizations in different environment are likely to emphasize different aspect of the strategic management process (Johnson and Scholes, 1999).

#### **1.1.2 Concept of Entrepreneurship**

Miller (1983) states that an entrepreneurial firm is one that engages in product market innovation, undertakes somewhat risky ventures and is first to come up with 'pro active' innovations, beating competitors to the punch. This definition can be broken down into three dimensions of innovativeness, risk taking and pro activeness. Lumpkin and Dess (2001) incorporated the other dimensions of competitive aggressiveness and autonomy into the existing theories therefore coming up with the five dimensions of entrepreneurship.

Entrepreneurial enterprises identify and exploit opportunities that their competitors have not yet observed or have underexploited. An appropriate set of resources is required to exploit entrepreneurial opportunities with the greatest potential returns (Hitt et al., 2002). Entrepreneurial enterprise's resources are often intangible, such as unique knowledge or proprietary technology. According to Ireland et al. (2001), entrepreneurial behaviour arises through the concentration on innovative, proactive, and risk-taking behaviour" (p. 51). In real business life, though, there is not yet a cogent, direct treatise to formally recognize entrepreneurial behaviour as a new "dominant logic" in enterprises (Meyer & Heppard, 2000).

#### 1.1.3 Manufacturing Sector in Kenya

Kenya's manufacturing sector is among the key productive sectors identified for economic growth and development because of its immense potential for wealth, employment creation and poverty alleviation. In addition, the sector continues to provide impetus towards achievement of Millennium Development Goals (MDGs) both in the medium and long term particularly goal one on eradication of extreme poverty and hunger and goal eight on global partnerships for development. According to Kenya Association of Manufacturers (KAM) it currently employs about 254,000 people, which represents 13 per cent of total employment with an additional 1.4 million people employed in the informal side of the industry

According to the Economic Recovery Strategy for Employment and Wealth Creation Report, the manufacturing sector in Kenya is a major source of growth, still with high potential for growth and investment. The role of the manufacturing sector in Kenya's Vision 2030 is to create employment and wealth. In order to fulfill this role, the government has identified and set specific goals to steer industrial growth. These include the development of Special Economic Zones (SEZs), Industrial Parks, Industrial Clusters, promotion of small and medium scale manufacturing firms, development of niche products, commercialization of research and development and attraction of strategic investors in strategic sectors, i.e. iron and steel industries, manufacture of fertilizers, agro processing, machine tools and machinery, motor vehicle assembly and manufacture of spare parts. To promote development in the target areas, projects are designed and implemented through a Public, Private, Partnership (PPP) framework.

#### **1.1.4 Food Manufacturing Sector**

Currently, there are 670 manufacturers registered as members of Kenya Association of Manufacturers (KAM) who mainly champions their interests. This constitute 40% of value add industries in Kenya with the rest of estimated 60% not registered for one reasons or another. About 80% of its members are based in Nairobi while the rest are located in other major towns or regions of the country.

Kenya is predominantly an agricultural based economy and the agro-processing industry is relatively well developed with several distinct sub sectors for both domestic and foreign markets. Food and Beverages sub sector is the largest among the manufacturing sector comprising of 146 members who constitute 21.8% of total manufacturing industry members under KAM. The sub sectors under the umbrella of these sector includes Alcoholic Beverages & Spirits, Bakers & Millers, Cocoa, Chocolate & Sugar Confectionery, Dairy Products, Juices, water & Carbonated soft drinks, Meat, Tobacco and Vegetable oils.

#### **1.2 Research Problem**

In recent years the need for managers to adopt entrepreneurship when formulating their strategies has become apparent. Although the need to innovate has always existed, this has been accentuated in recent years due to the acceleration of technological change and growing worldwide competition (Veciana, 1996). Many authors have singled out entrepreneurship as an organizational process that contributes to firm survival and performance (Covin and Slevin, 1989; Drucker, 1985).

Researchers argue that entrepreneurial attitudes and behaviors are necessary for firms of all sizes to prosper and flourish in competitive environments. Companies need to engage in entrepreneurial behaviors to identify and exploit business opportunities in order to grow and create value (Shane and Venkataraman, 2000). While identifying and exploiting business opportunities create temporary competitive advantages, firms may fail to sustain these competitive advantages effectively (Ireland et al 2003). Understanding the reasons for these differentials among companies wealth creation requires studying also the strategic traits of firm's actions through which they develop, exploit and sustain competitive advantages. Therefore the strategic management and entrepreneurial perspectives jointly contribute to explaining strategic orientation needed to achieve and sustain competitive advantages (Esteve, et al 2008). Agricultural sector is the principal sector in the Kenyan economy accounting for about 24% of the Gross Domestic Product. The sector is the largest contributor of foreign exchange through export earnings. Agriculture also provides employment and livelihood to a large percentage of the population with an estimated 75% of the population depending on the sector either directly or indirectly. Kenya has a large agro-processing industry, reflecting the importance of the agricultural sector in the

Kenyan economy. The majority of the pioneer industries during the colonial period were agro-based. A wide range of agro-industries still exist today, ranging from processing staple foods and fruits, to fish processing for both domestic and foreign markets. Food processing is thus one of the key activities in Kenya's agro-processing industry.

Exploring the strategic management and entrepreneurship within the context of manufacturing sector will be extremely important especially in the backdrop of competition within the sector. Kenya within the East African Community (EAC) framework is soon expected to sign Economic Partnership Agreement (EPA) with the European Union which is a reciprocal arrangement that allows duty free and quota free the products from EU to EAC market. This is expected to heighten the competition and therefore it's important for Kenyan firms to position themselves in anticipation of the agreement.

A number of studies have been carried out in the field of strategic management Practices, strategic planning, strategic choices, strategic change, strategy implementation and challenges among Kenyan firms. Researches focusing on strategic management practices and entrepreneurship though limited have been carried out by Kampire (2012) on competitive strategies adopted by insurance companies in Rwanda, innovation strategies adopted by Milly Fruit Processors by Osinya (2012), Barringer and Bluedorn (1999) studied the relationship between corporate entrepreneurship and strategic management while Entrialgo, Ferna'ndez and Va'zques (1999) investigated Spanish Small and Medium Enterprises (SMEs) and linked the two concepts of strategic management and entrepreneurship. There is therefore need to carry out a study of this nature to ascertain the strategic management

7

perspective of Kenyan Firms, their entrepreneurship orientation and give a recommendation. What is the relationship between strategic management and entrepreneurship in Food Processing Companies in Nairobi County?

#### **1.3 Research Objective**

The objective of this research study is to determine the relationship between strategic management and entrepreneurship in Food Processing Companies in Nairobi County.

#### **1.4 Value of the Research**

The findings of this study will immensely contribute to the growing body of knowledge on strategic management and entrepreneurship in developing countries by giving a perspective of manufacturing sector. Both current and future scholars will find the research useful in fillings gaps identified and borrow from the recommendations to build on its development. This will help firms understand the organizational processes that facilitate entrepreneurial behavior and its influence on strategic management.

This study will be useful to stakeholders in manufacturing industries in highlighting the importance of adopting entrepreneurial behavior in formulating strategies of organizations. The link between the two concepts i.e strategic management and entrepreneurship will allow firms to incorporate entrepreneurial attitudes and behaviors which have been found necessary for firms of all sizes to prosper and flourish in competitive environments.

In addition, the two concepts having their foundation anchored on the resource based theories will offer an in depth insight on areas where resources can be directed and utilized to gain competitive edge. In addition, the industry regulators and policy makers will find this useful for purposes of enacting necessary legislation and policies that would enhance value to the sector.

#### **CHAPTER TWO: LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents a literature review on the concepts of strategic management and entrepreneurship and empirical evidences that link them. The study will attempt to describe the effect that some practices employed in the formulation and implementation of the strategy has in the development of an entrepreneurial behavior. Some of the strategic management practices considered in this research includes Analysis, Planning, Flexibility and Control. These are by no means exhaustive but an indicator of potential to influence entrepreneurial behavior based on previous researches.

#### **2.2 Theoretical Foundation**

This study is based on the theory of Resource Based View (RBV). The RBV of the firm provides the theoretical underpinnings for understanding how resources can be managed strategically. Thus, the RBV is used by strategic management scholars and increasingly by entrepreneurship scholars to identify and explain persistent performance differences among firms (Alvarez & Barney, 2002). As such, it is critical to the framing and specification of Strategic Entrepreneurship.

RBV theory has two frequently cited assumptions: (I) resource heterogeneity, meaning that competing firms may own or control different bundles of resources; and (2) resource immobility, meaning that the differences in the resource bundles owned by separate firms may persist. Barney and Arikan (2001) defined resources as the tangible and intangible assets a firm uses to choose and implement its strategies. Resources that are rare (i.e. not widely held) and valuable (i.e., able to enhance the

firm's efficiency or effectiveness) can yield a competitive advantage. When resources are also simultaneously imperfectly imitable (i.e., they resist easy duplication by competitors) and non substitutable or nontransferable (i.e., they can't be purchased in factor markets), they can lead to a sustainable competitive advantage. From a strategic perspective, the RBV suggests that competitive advantages are a function of the resources the firm develops or acquires to implement its product market strategy. As a complement to Porter's (1985) theory of competitive advantage based on the firm's product market position, the RBV suggests that competition among product market positions held by firms can also be understood as competition among resource positions held by firms (Barney & Arikan. 2001). Thus, competitive advantage lies upstream of product markets and is grounded in the firm's idiosyncratic and difficult to imitate resources (Teece et al, 1997).

Acknowledging their vital link to performance, entrepreneurship scholars concentrate on particular types of resources to understand differential firm performance especially in terms of the ability to identify entrepreneurial opportunities. Information, social capital, and entrepreneurial experiences are examples of resources investigated by entrepreneurship researchers (Michael et al., 2002).

#### 2.3 Strategic Management in Organization

Strategic management practice is the process where managers establish the firms long term direction, set specific performance objectives, develop strategies to achieve these objectives in the light of all relevant internal and external circumstances and undertake to execute the chosen action plans (Thompson and Strickland, 2003). The strategic management process entails the following step; the formulation of the

company's mission and vision, situation analysis and choice, implementation of the strategy and finally strategic evaluation and control.

The success of an organization, in an increasingly competitive environment is dependent on the strategy which will differentiate the organizations from the competitors. The challenge is not to have the best strategy but an effective strategy which can be implemented. Effective strategic management is a key ingredient to successful strategic management. Strategies are formulated by organizations in order to achieve a more favorable position (Thompson and Strickland, 2003).

Recently strategies are becoming more and more important for both new as well as established enterprises. Due to increasing environmental dynamics and intensifying global competition, enterprises, regardless of their age or size, are forced to build more entrepreneurial strategies in order to compete and survive (Hitt, Ireland, & Hoskisson, 2001; Meyer, Neck, and Meeks, 2002). These entrepreneurial strategies are said to be related to better company performance. They aim to build on the identification of opportunities and develop them towards competitive advantages (Hitt, Ireland, Camp, & Sexton, 2002). This is where the fields of entrepreneurship and strategic management intersect.

#### 2.4 Entrepreneurship and Organization

In a reality characterized by intensified global competition, dynamic change and increasing uncertainty, the need for organizations to become more innovative in order to survive and grow is increasing rapidly. In this context, corporate entrepreneurship is more relevant than ever, as a viable means for existing organizations to continuously explore and exploit previously unexploited opportunities, thereby moving the organization (or some subset of individuals) to a new state of being (Stevenson and Jarillo 1990)

Researchers have suggested that the pursuit of corporate entrepreneurship requires established companies to strike a fragile balance between engaging in activities that make use of existing knowledge, while at the same time challenging themselves to embark upon new adventures, seeking new knowledge and opportunities to rejuvenate themselves. Entrepreneurship entails far more than starting up a new venture (Stevenson & Jarillo, 1990). It can also take place in established organizations where renewal and innovation are a major goal (Sharma & Chrisman, 1999). Entrepreneurial behaviour can accordingly be found in all kinds of enterprises, regardless of their size, age or profit-orientation (Kraus, Fink, Rößl, & Jensen, 2007).

Entrepreneurship describes the process of value creation through the identification and exploitation of opportunities, e.g. through developing new products, seeking new markets, or both (Lumpkin, Shrader, & Hills, 1998). It focuses on innovation by identifying market opportunities and by building a unique set of resources through which the opportunities can be exploited, and is usually connected with growth (Ireland et al., 2001). Ireland (2001) proposed that 15 percent of the highest growth enterprises created 94 percent of all new jobs. One of the key challenges for entrepreneurs is to deal with the strategic changes required with the growth of their enterprise (Thompson, 1999). Many scholars have thus decided to separate growthoriented entrepreneurship from small business management describing growth as "the essence of entrepreneurship" (Sexton & Smilor, 1997, p. 97).

#### 2.5 Strategic Management and Entrepreneurship

According to Kraus et al (2007), many of the key topics in entrepreneurship research, e.g. new venture creation, innovation and opportunity-seeking do in fact apply to the strategic management paradigm as well. New venture creation is in most cases about acquisition, mobilization and deployment of resources and the integration of the resources with opportunities, and can thus be linked to Mintzberg"s design school, which is about matching resources with opportunities. Innovation, being understood in the Schumpeterian sense as new combinations of factors of production, builds on resources, which again build the basis of many strategic management instruments (Barney and Arikan, 2001). If the creation of innovations is understood as an individual process, both the cognitive school and the entrepreneurial school of Mintzberg can be applied in exploring how innovations appear and in explaining the strategic nature of innovations and the learning school, where creation of innovations is seen as an organizational phenomenon by the way an innovation leads its way through the organization (Kraus et al, 2007).

Meyer and Heppard (2000), observed that the entrepreneurship and strategic management disciplines are inseparable, making it difficult to understand one field's research findings without simultaneously studying the results reported in the other. Hilt, Ireland, Camp, et al (2001, 2002) and Ireland et al (2001) integrated and summarized the basic tenets of entrepreneurship and strategic management. Their primary purpose was to identify theoretically rich research questions to help advance the understanding of wealth creation in new ventures and established firms. Collectively, this work suggested that entrepreneurship and strategic management both focus on how firms create change (adapt or proact) by exploiting opportunities

resulting from uncertainty in their external environment (Hitt, Ireland, Camp, et al 2001, Ireland et al. 2001).

#### 2.5.1 Strategic Analysis and Entrepreneurship

Strategic Analysis refers to the managerial activity of learning about events and trends in the organization's environment (Hambrick, 1981). Analysis provides managers with information about events and trends in their relevant environments, which facilitates opportunity recognition (Bluedorn et al., 1994). Enterprises need to assess their position within the environment and the market (Zahra & Dess, 2001). A common instrument for this is the SWOT analysis, which aims at studying internal strengths and weaknesses and matching them with the enterprise's external opportunities and threats.

A SWOT analysis can be used as a basis for developing future strategies as well as for developing the business plan. Another part of the environmental analysis is the PEST analysis, which tries to identify political and legal (P), economical (E), socio-cultural (S), and technological (T) factors influencing the enterprise. Finally, the industry analysis tries to assess the attractiveness of a specific industry for the enterprise. The industry analysis again can use sub instruments such as market analyses (e.g. Wickham, 2001) and Porter's (1985) five forces analysis.

A high level of analysis is congruent with the entrepreneurial process (Miller, 1983). Entrepreneurial firms are innovative, risk-taking and proactive; and a central theme of the innovation literature is that information gathering and analysis is critical to the development and maintenance of successful innovation strategies (Covin, 1991; Kanter, 1988). Analysis also facilitates the risk-taking and pro activeness dimensions of entrepreneurial behavior. As a means of partial uncertainty absorption, analysis may lower the perception of risk associated with a potential entrepreneurial venture, increasing the likelihood that the firm will engage in the venture. Entrepreneurial managers may also realize that analysis is their bridge to remaining competitive. A firm in a turbulent environment must be continually innovative to remain competitive, which requires extensive analysis to recognize and exploit environmental change. As a result, analysis is a practical approach for entrepreneurial firms (Barringer and Bluedorn, 1999).

#### 2.5.2 Strategic Planning and Entrepreneurship

Every business, regardless of its size, has some form of a strategic plan. In small enterprises, this may include the general ideas put forward by the entrepreneur; with increasing size of the enterprise, however, strategic plan usually becomes more formal and elaborate (Kraus et al 2007). It is the document which describes the enterprise's strategy, i.e. content and process, thereby presenting the vision of the enterprise and how the enterprise is going to attain its vision (Honig & Karlsson, 2004). The business plan can particularly serve as the basis of the strategy itself and as its formalized documentation. Usually, it is written to serve as a means of communication with external stakeholders, especially potential investors (Castrogiovanni, 1996). In addition, it can serve as a mechanism for internal control and goal-achievement.

According to Entrialgo et al., (2000), there are several reasons to believe that a deep locus of planning facilitates a high level of entrepreneurship intensity. First, a high level of employee involvement in planning brings the people closest to the customer into the planning process. This characteristic of employee participation in planning may facilitate opportunity recognition (Schumpeter, 1934). Moreover, a deep locus of planning legitimizes the active participation of middle and lower-level managers in the planning process. Doing so avoids the potential of good ideas being overlooked simply because managers at these levels are not involved in the planning process (Burgelman, 1988). This study will investigate locus of planning as a dimension of planning and its relationship with entrepreneurship.

Hambrick and Crozier (1985), in their study of 30 entrepreneurial firms, found that entrepreneurial firms are very flexible in their planning process. Their findings, along with those of Fredriksen et al. (1989) suggest that to be successful, entrepreneurial firms must have the capabilities to manage the high level of organizational change that is demanded by high growth. On the other hand, Jelinek and Schoonhoven (1990) provide some useful insights into how strategic planning is managed in high technology firms. They find that such firms have formal planning systems and do strategic planning; however, these firms also incorporate other elements to have flexibility and to help them cope with the requirements of competing in such difficult environments. Businesses continuously focus on finding better solutions to maintain competitive advantage and in doing so require effective strategic planning and entrepreneurship throughout the ranks of the business.

#### 2.5.3 Strategic Flexibility and Entrepreneurship

Flexibility refers to the capacity of a firm's strategic plan to change as environmental opportunities/threats emerge. The notion of flexibility was first suggested by Kukalis (1989) to investigate how environmental and firm characteristics affect the design of strategic planning systems. Kukalis theorized that firms in complex environmental settings maximize performance by adopting flexible planning systems. Flexible

planning systems allow firms to adjust their strategic plans quickly to pursue opportunities and keep up with environmental change. Kukalis theorized that firms in highly complex environments need flexible planning systems because of the frequency of change in their business environments.

According to Barringer and Bludorn, (1999), Planning flexibility facilitates a high level of corporate entrepreneurship intensity, a flexible planning system, coupled with intensive environmental scanning, allows a firm's strategic plan to remain 'current' and permits a firm's entrepreneurial initiatives to be planned rather than to take place in an ad hoc manner outside the parameters of a strategic plan. Although the entrepreneurial process is intended to keep a firm in step with environmental change, entrepreneurial firms are not completely free from inertia and as a result, putting a planning system in place that is flexible and is by design subject to change may remove a potential obstacle to change when it is needed (Barringer and Bludorn, 1999).

#### 2.5.4 Strategic Control and Entrepreneurship

The purpose of a control system is to make sure that business strategies meet predetermined goals and objectives (Lorange, Morton, and Ghoshal, 1986). In the context of this study, the control systems of entrepreneurial firms must stimulate entrepreneurship as indicated by innovation, pro activeness, and risk-taking. Two forms of control are particularly relevant to a discussion of corporate entrepreneurship. These are strategic controls and financial controls (Hitt, Hoskisson, and Ireland, 1990).

An emphasis on strategic controls is consistent with the entrepreneurial process. Strategic controls are capable of rewarding creativity and the pursuit of opportunity through innovation. These characteristics of strategic controls are important to sustain the innovation process because long time-lags frequently intervene between innovative initiatives and their eventual pay-off (Drucker, 1985). A well-designed strategic control system is capable of rewarding firm employees for incremental but substantive progress on product or process innovations that take a long time to reach market (Hoskisson et al., 1991).

#### **CHAPTER THREE: RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents method used in collecting or gathering data that's pertinent in answering the research question. It gives an overview of the parameters used for the selection of the firms, the sampling technique, as well as the locations, time frame and investigation tools applied in such endeavor. It details the method used for the collection and analysis of the data.

#### **3.2 Research Design**

The study adopts a descriptive survey research design in an attempt to describe and explain the management perception of the strategic management practices and entrepreneurship in food processing companies in Nairobi and relationship between the two. A descriptive study is concerned with finding out what, where and how of a phenomenon. Descriptive surveys are used to develop a snapshot of a particular phenomenon of interest since they usually involve large samples.

The focus of a descriptive research is the careful mapping out of circumstances, situation or set of events to describe the characteristics of certain items, estimate proportions of people who behave in certain ways and make specific predictions. Descriptive research design has been chosen because it enables the researcher to generalize the findings to a larger population.

#### **3.3 Target Population**

According to Cooper and Schindler, (2003), a population is the total collection of elements about which we wish to make inference. A research population is generally a large collection of individuals or objects that is the main focus of a scientific query. It is for the benefit of the population that researches are done. All individuals or objects within a certain population usually have a common, binding characteristic or trait.

The target population in this study is food processing companies in Nairobi. Currently, there are 146 food manufacturers registered as members of Kenya Association of Manufacturers (KAM) who mainly champions their interests. This constitute 21.8 % of value add industries in Kenya. About 80% of its members are based in Nairobi while the rest are located in other major towns or regions of the country.

#### 3.4 Sample Design

Due to the large sizes of populations, researchers often cannot test every individual in the population because it is too expensive and time-consuming. This is the reason why researchers rely on sampling techniques. Cooper and Schindler, (2003) define Sampling frame is the list of elements from which the sample is drawn. Sampling frame should be a complete and correct list of population of members only. Sampling is the process of selecting a number of individuals for a study in such a way that the individual selected represent the larger group from which they are selected (Cooper and Schindler, 2003).

The sample selection criterion used for this study was to have companies or firms engaged in food manufacturing activities. The representative sample size for this study was 90 firms but only 52 were realized. This was picked randomly from the target population.

#### 3.5 Data Collection

The study relied on both primary data and secondary data to answer the research question. The primary data was collected by means of a structured questionnaire with both open and close ended questions while secondary data was gathered from reports, website of relevant companies, books and journals.

The questionnaire was adopted from Barringer and Bluedorn (1999) and Entrialgo, Fernández and Vázquez (2000). The scale was developed and validated by Covin and Slevin (1986) based on previous scale development work by Khandwalla (1977). The scale contains items that measure a firm's tendency towards sub dimensions of corporate entrepreneurship and strategic management attributes. The instrument is intended to collect general information about the companies and information on strategic management practices and entrepreneurship. Apart from the general information which will be on metric scale, the rest will be on ordinal 7 likert scale data. The respondents are the senior managers of targeted companies who will be interviewed personally.

#### **3.6 Data Analysis**

According to Cooper and Schindler, (2003) Data analysis is the process which starts immediately after data collection and ends at the point of interpretation and processing of data. Analysis of the data collected was done using both descriptive and inferential statistics to describe the general properties of the samples, variables, and indicators. The SPSS software was used as a tool of analysis. The information is presented using Bar/pie Charts, Graphs and tables. The descriptive data is presented using measures of central tendency like mean and standard deviation. The correlation analysis was also employed to find out the relationships between variables. The Analysis was based on the variables identified in the literature review. In this study the dependent variable is entrepreneurship indicated by innovation, pro activity, risk taking, competitive aggressiveness and Autonomy which independent variable is strategic management practices indicated by Analysis, planning, flexibility and control.

# CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

#### **4.1 Introduction**

This chapter presents data analysis, result and discussion as set out in the research objective and methodology. The data was collected from both secondary and primary data. A total of 52 companies were interviewed against 100 initially planned The study uses SPSS as a statistical tool of analysis. The descriptive data are presented using tables.

#### **4.2 Company Profiles**

The companies interviewed were all drawn from Nairobi county and its environ. Their year of establishment ranges from 1925 to 2011. A total of 18 companies were established after the year 2000.In terms of sizes as indicated by the number of employees, 42% had employees below 50 which means that they are regarded as Small and medium Enterprises (SMEs) while 58% had above 50 employees.

#### 4.3 Samples by Sector

A total of 90 interviews were planned in this survey as a representative sample for the food processing companies but only 52 were realized. The following table shows the random samples picked from different sub sectors of the industry.

#### **Table 1: Number of Samples by Sector**

Sub Sectors	Number
Beverages, Fruits & Juices	16
Beer, Wines and Spirits	2
Dairy Products	6
Maize Milling/Processing	8
Bakery	7
Others	13
Total	52

#### 4.4 Data Validity and Reliability

In evaluating the quality of the psychometric properties of the measures obtained from the questionnaire, data validity and reliability were assessed. The assessment of validity in this study was limited to theoretical and observational meaningfulness while cronbach alpha coefficient was measured to establish reliability.

At a basic level, validity is established by developing measures from well-grounded theory. Although entrepreneurship is an old topic, the resurgence of interest in entrepreneurship is a fairly recent phenomenon (Wortman, 1987). Thus, although the corporate entrepreneurship construct measure has good reliability and has performed well in previous studies, it is based on a stream of literature that is still developing. As a result, the theoretical validity of the corporate entrepreneurship construct is still in its formative stage.

In regard to the measures of strategic management included in the study, strong literature bases exist to support the theoretical validity of scanning intensity, control attributes, and planning horizon. Less mature streams of literature support planning flexibility and locus of planning.

Cronbach's coefficient alpha was calculated to evaluate the reliability of the data. An alpha level of 0.70 or above is generally considered to be acceptable (Cronbach, 1951). All the measures in the survey exceeded this minimum threshold with the exception of strategic flexibility (alpha = 0.516), pro activeness (alpha = 0.623) and risk taking (alpha = 0.519). Table 2 and table 3 shows detailed Cronbach's coefficient alpha for all the variables which relatively exhibits higher scores.

## 4.5 Strategic Management Variables

The strategic management attributes considered in this study includes Analysis, planning, flexibility and control. The table below shows the results obtained.

Strat	tegic Management	Reliability	Mean	Mode	Standard
		(Cronbach's			Deviation
		alpha)			
Analysis	We spend as much time	0.780	4.38	7	2.18
	as possible with				
	customers and other key				
	stakeholders				
	We listen to our		4.71	6	2.00
	customers and other				
	stakeholders on what				
	they have to say about				
	the organization				
Flexibility	Our business and	0.516	4.38	6	1.77
	product planning process				
	involves customers,				

 Table 2: Strategic Management Attributes

	suppliers and providers				
	of fund				
	Our organization		4.50	4	1.65
	continually adapts by				
	making appropriate				
	changes in its strategy				
	based upon feedback				
	from the market place				
Locus of	Business planning in our	0.762	4.33	5	1.72
Planning	organization is ongoing,				
	involving everyone in				
	the process to some				
	degree				
	Most people in this		4.06	6	2.10
	organization have input				
	into the decision that				
	affect them				
	Cooperation and		4.79	7	2.06
	collaboration across				
	functional roles are				
	actively encouraged				
	Working in this		4.38	6	1.98
	organization is like				
	being part of a team				
	Decisions concerning		3.96	5	1.87
	business strategy are				
	made on a consensus				
	basis, involving people				
	from many department				
	Long term potential is		4.06	4	1.82
	valued over short term				
	performance in this				
	organization				

Control	Financial controls are	0.816	4.78	6	1.76
attributes	paramount in our				
	business				
	Customers need control		4.48	6	2.04
	are essential in our				
	organization				
	Technological control		4.69	7	2.14
	are taken seriously in our				
	organization				
	Competence control are		4.27	4	2.06
	central in our				
	recruitment and				
	development of our key				
	personnel				

The compilations of mean, mode and standard deviation for each of the strategic management variable under study are shown in table 2. The findings shows that greater scores are obtained in almost all variables save for planning attributes which shows lower values. The range of responses on all of the variables was broad avoiding a restriction of range problem in the data.

## 4.6 Entrepreneurship Variables

The entrepreneurship variables considered in this research includes innovation, pro activeness, competitive aggressiveness, risk taking and autonomy. The table below shows results obtained.

# Table 3: Entrepreneurship Attributes

Entrepreneurship		Reliability	Mean	Mode	Standard
		(Cronbach's			Deviation
		alpha)			
Innovation	Our business always	0.879	4.75	7	2.17
	seeks out new ways				
	to do things				
	Our business favors a		4.54	6	1.97
	strong emphasis on				
	creativity in its				
	method of operation.				
	We actively introduce		4.63	6	1.96
	improvements and				
	innovations in our				
	business				
Pro activeness	In our company we	0.623	4.13	6	2.03
	usually initiate				
	actions to which other				
	organizations				
	respond.				
	We always try to take		4.42	5	1.81
	the initiative in every				
	situation ( e.g. against				
	competitors, in				
	projects when				
	working with others)				
	In our company, we		4.38	6	1.98
	excel at identifying				
	opportunities.				
Competitive	In general, our	0.816	4.54	3	1.77
	business takes a bold				
aggressiveness	or aggressive				
	approach when				

	competing.				
	Our business is		4.33	7	2.02
	intensely competitive				
	We try to undo and		4.58	7	2.03
	out- maneuver the				
	competition as best as				
	we can				
Risk taking	Our business	0.519	4.54	5	1.79
	generally emphasizes				
	both exploration and				
	experimentation in				
	search of				
	opportunities.				
	The tern "risk taker"		4.02	6	2.11
	is considered a				
	positive attribute for				
	people in our				
	business.				
	People in our		4.15	1	2.15
	business are				
	encouraged to take				
	calculated risks with				
	new ideas.				
Autonomy	In our company,	0.886	3.63	1	1.99
	employees are given				
	relatively more				
	freedom and				
	independence to				
	decide on their own				
	how to go about				
	doing their work.				
	The employees in our		3.54	1	1.84
	organization are				
	organization are				

permitted to act and think with lesser interference from the
interference from the
top managers
Employees perform 4.25
jobs that allow them
to make and instigate
changes in the way
they perform their
work tasks
Employees are given 4.13
authority and
responsibility to act
alone if they think it
to be in the best
interest of the
business
Employees in our 4.00
company are given
freedom to
communicate inside
and outside the firm
with lesser
restrictions
Employees have 4.08
access to important

The compilations of mean, mode and standard deviation for each of the entrepreneurship variable under study are shown on table 3. The findings shows that lower scores are observed in Autonomy while the rest of the variables have relatively

higher scores. The range of responses on all of the variables was broad avoiding a restriction of range problem in the data.

# 4.7 Relationship between Strategic Management and Entrepreneurship

To ascertain the existence of relationships and nature thereof between the variables of the strategic management and entrepreneurship, correlation analysis was conducted .The spearman correlation coefficients obtained are as shown in the table below.

Strategic Management		En	trepreneurship		
Attributes	innovation	Pro activeness	Competitive aggressiveness	Risk Taking	Autonomy
We spend as much time	.607**	.539**	.343*	.139	.448**
as possible with	.000	.000	.013	.327	.001
customers and other key stakeholders	51	52	52	52	52
We listen to our	.295*	.504**	.351*	.304*	.270
customers and other	.035	.000	.011	.028	.053
stakeholders on what they have to say about the organization	51	52	52	52	52
Our business and product	.447**	.387**	.329*	.239	.365**
planning process involves customers, suppliers, and	.001	.005	.017	.088	.008
providers of funds	51	52	52	52	52
Our organization	.286*	.500**	.409**	.286*	.179
continually adapts by	.042	.000	.003	.040	.204

#### Table 4: Correlation Analysis

making appropriate changes in its strategy based upon feedback from the market place	51	52	52	52	52
Business planning in our	.471**	.441**	.113	.120	.574**
organization is ongoing,	.000	.001	.425	.395	.000
involving everyone in the process to come degree	51	52	52	52	52
Most people in this	.344*	.470**	.382**	.585**	.511**
organization have input	.014	.001	.006	.000	.000
into the decisions that affect them	50	51	51	51	51
Cooperation and	.392**	.353*	.487**	.300*	.153
collaboration across	.004	.010	.000	.031	.279
functional roles are					
actively encouraged	51	52	52	52	52
Working in this	.180	.297*	.541**	.413**	.265
organization is like being	.206	.033	.000	.002	.058
part of the team	51	52	52	52	52
Decisions concerning	.391**	.390**	$.297^{*}$	.493**	.570**
business strategy are	.005	.004	.033	.000	.000
made on a consensus					
basis, involving people	51	52	52	52	52
from many departments					
Long term potential is	.554**	.401**	.410**	.315*	.454**
valued over short-term	.000	.003	.003	.023	.001
performance in this organization	51	52	52	52	52
Financial controls are	.447***	.497**	.332*	.297*	.298*

paramount in our	.001	.000	.016	.033	.032
organization	51	52	52	52	52
Customer's need control	.594**	.539**	.539**	.282*	.631**
are essential in our	.000	.000	.000	.043	.000
organization	51	52	52	52	52
Technological controls	.519**	.466**	.444***	.236	.442**
are taken seriously in our	.000	.000	.001	.093	.001
organization	51	52	52	52	52
Competence controls are	.532**	.490**	.426***	.417***	.373**
central in our recruitment	.000	.000	.002	.002	.006
and development of key personnel	51	52	52	52	52

The Pearson coefficient matrix was computed to ascertain the existence and nature of relationships between variables of entrepreneurship and strategic management. Correlation matrix shows statistically significant correlations in the direction expected between corporate entrepreneurship variables and four dimensions of strategic management included in the study. Corporate entrepreneurship correlated positively with strategic analysis, strategic flexibility, strategic planning and strategic controls.

### 4.8 Discussions of Results

The objective of this study is to find the relationship between the strategic management and entrepreneurship. The findings are that there exists a significant relationship between all the variables investigated. In the study carried out by Barringer and Bluedorn (1999) corporate entrepreneurship correlated positively with scanning intensity, planning flexibility, locus of planning and strategic controls. This study supports the findings thereof and differs to the extent that locus of planning and

control attributes also correlate positively with entrepreneurship. There was not a significant correlation between corporate entrepreneurship and either planning horizon or financial controls in barringer and bluedorn (1999).

The study is further supported by Entrialgo et al (1999) whose findings indicates that entrepreneurship is positively correlated with innovation based differentiation strategy, analysis, flexibility, locus of planning, horizon and strategic controls whereas the difference is shown where there are no significant correlations observed regarding entrepreneurship and horizon and entrepreneurship and financial controls.

The results of this study suggest that a firm's entrepreneurial intensity is influenced by the nature of its strategic management practices and by its competitive strategy. From the point of view of the strategy, firms competing by means of an innovation based differentiation are more entrepreneurial compared to the rest. Regarding the strategic practices, it is clear from the results that analysis is an important correlate of entrepreneurial behaviour. This result is consistent with similar findings reported by Barringer and Bluedorn (1999), Miller (1983) and Zahra (1993). The results of the study also depict a strong relationship between flexibility and entrepreneurship. The implication of the results is that entrepreneurial firms should work hard to institutionalize flexibility in their planning systems. Similar results are obtained by Barringer and Bluedorn (1999).

The positive relationship between locus of planning and entrepreneurship indicates that a high level of employee involvement in planning facilitates firm-level entrepreneurial behaviour. This result is supportive of the general notion that employee participation at all levels is an essential key to the entrepreneurial process (Burgelman, 1988). The result is also consistent with Bluedorn (1999) observation

35

that if entrepreneurship is to flourish in an organization, lower-level managers need to be free to identify and pursue promising opportunities. The positive relationship between strategic controls and entrepreneurship is also consistent with the literature of Barringer and Bluedorn, (1999). This result reaffirms the notion that control systems capable of rewarding creativity and the pursuit of opportunity through innovation are an essential part of the entrepreneurial process.

This study meets the objective set out in this research and answers the research question conclusively by linking strategic management and entrepreneurship. In conclusion, evident that strategic management practices like analysis, planning, flexibility and control influences entrepreneurial behavior of firms.

# CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### **5.1 Introduction**

This chapter presents the summary of key data findings, conclusion made from the findings and policy recommendations based on the observation. The conclusion and recommendations drawn are in quest of addressing research objective which was to determine the relationship between the strategic management practices and entrepreneurial behavior.

#### **5.2 Summary of the Findings**

The objective of this study was to determine the relationship between strategic management and entrepreneurship. The strategic management practices considered in this study includes analysis, flexibility, planning and control and the entrepreneurship variables measured includes innovation, pro activeness, competitive aggressiveness, risk taking and autonomy.

The study investigated a total of 52 food processing companies. The primary data collection was by means of a structured questionnaire while secondary data were collected from reports, journal, websites and other secondary sources. The findings are that there exists significant and strong relationship between dimensions of strategic management and those of entrepreneurship. This re affirms that strategic management practices influences entrepreneurial behavior of a firm.

#### **5.3 Conclusion of the Study**

The objective of this study is to find out the relationship between selected strategic management practices and corporate entrepreneurship. The study found that there exist a strong and significant relationship between strategic management practices and entrepreneurship within the context of manufacturing firms where 52 samples were studied.

In conclusion, the compelling theme that emerges from this study is that a firm's strategic management practices like analysis, flexibility, planning and control influences its entrepreneurial intensity. This study moves the literature forward in a more detailed manner than previously attempted by examining the specific nature of the relationship between the four specific strategic management practices and corporate entrepreneurship intensity.

#### 5.4 Recommendations of the Study

The fundamental practice of analyzing the environment to recognize opportunities and threats should be a principal concern of entrepreneurially minded firms. An entrepreneurial firm faces the dual challenge of remaining responsive to current environmental trends, which suggests the adoption of a short term planning horizon, while at the same time remaining visionary suggesting the adoption of a longer-term perspective. This calls for firms to strike the delicate balance.

Entrepreneurially minded firms should work hard to institutionalize flexibility in their planning systems. The manner in which this is accomplished is a potentially fruitful topic for future research. In addition, lower level managers and employees at all levels should be involved in decision making process. The workers need to be free to identify and pursue promising opportunities for entrepreneurship to flourish. Finally, strategic control systems of entrepreneurial firms need to be full proof. Whether it's technological, financial, competence or quality, firms should have an elaborate system in place capable of rewarding creativity and the pursuit of opportunity through innovation as an essential part of the entrepreneurial process.

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

The limitations of this study is that analysis is confined to the study of four specific strategic management practices i.e analysis, planning, flexibility and control and entrepreneurial behavior of firms i.e Innovation, pro activeness, competitive aggressiveness, risk taking and autonomy. Strategic management is a much broader multidimensional construct and other dimensions of the strategic management process may influence a firm's entrepreneurial behavior.

In addition, the study was limited to manufacturing firms and therefore the extent to which the precursors to entrepreneurial behavior differ between manufacturing firms and service firms has not been tested. The strength of this study is that the methodology provided a reasonably fine-grained examination of the influence of each of the strategic management practices included in the study on corporate entrepreneurship intensity.

#### **5.6 Areas Suggested for Further Research**

This study was based on strategic management concept taking into account four practices namely analysis, flexibility, planning and control. However, strategic management is wider than the considered constructs and therefore it would be valuable to consider or include other relevant constructs. Entrepreneurship is a concept which is fairly new and therefore still evolving, the definition adopted in this study incorporating innovation, risk taking, competitive aggressiveness, pro activeness and Autonomy are just part definition and therefore need to incorporate other constructs.

A number of similar researches on strategic management and entrepreneurship have been carried out within the context of manufacturing sector. It would be more interesting for researchers to find out if these results can be sustained by studying other sectors like services. In addition, previous researchers have had to contend with complications of planning flexibility. Planning has always been considered visionary in nature and therefore long term while flexibility has been understood to be short term due to the necessity to always change with the environmental turbulence. It would be interesting if researchers can study the two in a manner to strike a balance.

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## **APPENDIX ONE: QUESTIONNAIRE**

This questionnaire is devised to gather information on Relationship between Strategic Management and Entrepreneurship in Food Processing Companies in Nairobi County and present the data in a way that will be helpful to Food Manufacturing Sector and institutions/agencies that make policies and strategies. Your genuine responses are kindly requested.

Thank you very much in advance for your cooperation and support in realizing this research project,

General Direction:

- Please fill out and return the questionnaire properly.
- Any confidential data obtained from you will only be used in aggregated form in any report or presentation concerning the survey and all data will be treated as highly confidential.

#### 1. GENERAL INFORMATION

Q1.1 Company Profile
Company Name
Address (City)
Tel
E-Mail
Year of Establishment

## Q1.2 Sector (Please tick appropriately)

	Food Processing Sub-Sectors
1	Beer, Fruits and Juices
2	Dairy Products
3	Bakery
4	Vegetables, Spices, oil and fats
5	Maize milling
6	Sweets and confectionaries
7	Others

## 2. ENTREPRENEURSHIP

Please indicate the degree of agreement or disagreement with the statements below

(1, strongly disagree; 7, strongly agree)

			1	2	3	4	5	6	7
Innovation	Q2.1	Our business always seeks out new ways to do things							
	Q2.2	Our business favors a strong emphasis on creativity in its method of operation.							
	Q2.3	We actively introduce improvements and innovations in our business							
Pro activeness	Q2.4	In our company we usually initiate actions to which other organizations respond.							
	Q2.5	We always try to take the initiative in every situation ( e.g. against competitors, in projects when working with others)							
	Q2.6	In our company, we excel at identifying opportunities.							
Competitive aggressiveness	Q2.7	In general, our business takes a bold or aggressive approach when competing.							
	Q2.8	Our business is intensely competitive							
	Q2.9	We try to undo and out- maneuver the competition as best as we can							
Risk taking	Q2.1.0	Our business generally emphasizes both exploration and experimentation in search of opportunities.							

	1					
	Q2.1.1	The tern "risk taker" is				
		considered a positive attribute				
		for people in our business.				
	Q2.1.2	People in our business are				
		encouraged to take calculated				
		risks with new ideas.				
Autonomy	Q2.1.3	In our company, employees are				
		given relatively more freedom				
		and independence to decide on				
		their own how to go about				
		doing their work.				
	Q2.1.4	The employees in our				
		organization are permitted to				
		act and think with lesser				
		interference from the top				
		managers				
	Q2.1.5	Employees perform jobs that				
		allow them to make and				
		instigate changes in the way				
		they perform their work tasks				
	Q2.1.6	Employees are given authority				
		and responsibility to act alone				
		if they think it to be in the best				
		interest of the business				
	Q2.1.7	Employees in our company are				
		given freedom to communicate				
		inside and outside the firm with				
		lesser restrictions				
	Q2.1.8	Employees have access to				
		important information.				

## 3. STRATEGIC MANAGEMENT

Please indicate the degree of agreement or disagreement with the statements below

			1	2	3	4	5	6	7
Analysis	Q3.1	We spend as much time as possible with customers and other key stakeholders							
	Q3.2	We listen to our customers and other stakeholders on what they have to say about the organization							
Flexibility	Q3.3	Our business and product planning process involves customers, suppliers and							

(1, strongly disagree; 7, strongly agree)

		maniform of frond				
	02.4	providers of fund				
	Q3.4	Our organization continually				
		adapts by making appropriate				
		changes in its strategy based				
		upon feedback from the market				
		place				
Locus of	Q3.5	Business planning in our				
Planning		organization is ongoing,				
U		involving everyone in the				
		process to some degree				
	Q3.6	Most people in this organization				
	25.0	have input into the decision that				
		affect them				
	Q3.7	Cooperation and collaboration	$\vdash$	+	$\rightarrow$	
	Q3.7	across functional roles are				
		actively encouraged				
	02.9	, j				
Q3.8		Working in this organization is				
	like being part of a te					
	Q3.9	Decisions concerning business				 
	Q3.7	strategy are made on a				
		25				
		e e				
Q ( 1	0210	people from many department				
Control	Q3.1.0	Financial controls are				
attributes		paramount in our business				
	Q3.1.1	Customers need control are				
	20.1.1	essential in our organization				
		essential in our organization				
	Q3.1.2	Technological control are taken				
		seriously in our organization				
	Q3.1.3	Competence control are central		1 1		
	20110	in our recruitment and				
		development of our key				
		personnel				

## **APPENDIX TWO: COMPANIES INTERVIEWED**

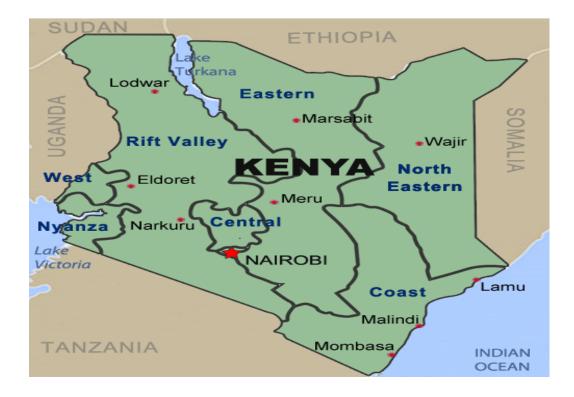
## Table 5: Companies Interviewed

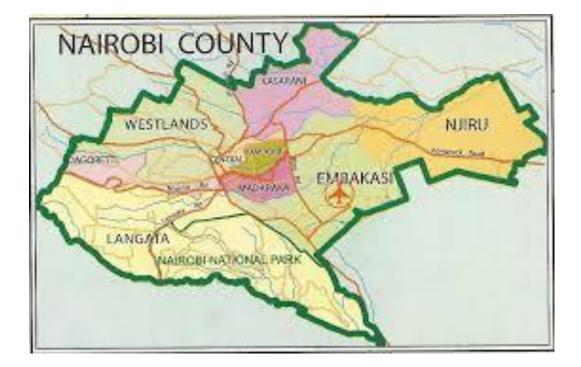
	Company Name	Address (City)	Telephone Number	E-mail Address	
1	Wasta Flour Miller	Box 2214-00500	072439511	wastaflour.yahoo.com	
-	And Cereals	Nairobi		······································	
2	Mukar Foods &	Box 77378-00200	020-2065398	-	
	Chemicals	Nairobi			
3	Patco Industries Ltd	Box 44100-00100	254-020-	patco@africaonline.co.	
		Nairobi	558595/98	ke	
4	Kenchick Limited	Box 20052-00200	254-020-	kenchick@swiftkenya.	
		Nairobi	537425/6	com	
5	Majengo Limited	Box 1536 Nairobi	020-	nuvita@majengo.com	
			21912402/0754		
			712881		
6	Spice World Ltd	Box 78008-00507	555999/531442	info@spiceworldltd.co.	
		Nairobi		ke	
7	Eunick Investments	Box 41497 Nairobi	0728703066	eunicksales@yahoo.co	
				m	
8	Nairobi Flour Mills	Box 46395-00100	254-020-	info@jimbi.co.ke	
	Ltd	Nairobi	556608		
9	Liquid Foods	Box 78171-00507	0705177130	info@ifp.co,ke	
1.0	Processors Ltd	Nairobi			
10	Super Quality Snacks	Box 3344-00610	0725052797	-	
11		Nairobi	0.67		
11	Jetlak Foods Limited	Box 461-00232	067-	ino@jetlak.com	
		Ruiru	55624/0713408		
10	Dogular Tooto	Der 54262 00200	861	a carrilante este Querka e co	
12	Popular Taste Industries Ltd	Box 54263-00200 Nairobi	254-020- 551852/551853	populartaste@yahoo.co	
13	Ac Ltd	Box 3170-00200	020-	m	
15	AC LIU	Nairobi	23845791/0725	-	
		Nanoon	99009		
14	Maisha Pure	Box 537468-00100	0722205582	ketepa@ketepa.com	
	Drinking Water	Nairobi	0722203302	Retepu C Retepu.com	
15	Smooth Cane Spirits	Box 30161-00100	0724461665	www.aabi.com	
	Ltd	Nairobi			
16	Heart Cake Ltd	Kayole, Nairobi	0202115024/07	chrisrodbakers@gmail.	
			27993726/0733	com	
			935086		
17	Limo Distributors	54-00100 Nairobi	0722644654	-	
18	Kevian Kenya Ltd	Box 25290-00603	254-020-	info@keviankenya.co	
		Nairobi	23910401/3870	m	
			375		
19	Brookside Dairy Ltd	Box 236-00232	020-	maziwa@brookside.co.	
		Nairobi	2354677/07352	ke	
			22264		
20	Primavana Picknick	Box 56738-00200	020-2524050	-	
	Snacks	Nairobi			
21	Modular Products	Box 78684-00507	0722582354	modularproduct@gmai	

		Nairobi		1.com	
22	Snow Park Dairy	Box 599 Limuru	0202326632	-	
23	Country Wide	Box 1438-00200	-	-	
	Supplies & Services	Nairobi			
24	Gentech Services	Box 61204-00200 Nairobi	316914	gentech.co.ke	
25	Pembe Flour Mills Ltd	Box 17955 Nairobi	254-020- 551933/43/53	pembe@pembe.co.ke	
26	Melvins Marsh International Ltd	Box 40270-00100 Nairobi	254-020- 6537759	sales@melvinstea.com	
27	Capwell Industries Ltd	Box 746-0100 Thika	020-2055422	meal- admin@capwell.co.ke	
28	Victoria Juice Co.Ltd	Box 17692-00500 Nairobi	254722228600	info@victoriajuice.co m	
29	Cadbury Kenya Ltd	Box 45466-00100 Nairobi	254-020- 530001- 9/3641450/1/2/ 3/4	admin@cadbury.com	
30	Bimwabi Enterprises	Box 587-00300 Nairobi	0723582268/07 22855004	-	
31	Crywine Enterprise Ltd	Box 7736-00100 Nairobi	0722725043	-	
32	Dandora Maize Millers	Box 17630 Nairobi	543270/4/ 351971	www.mafuco.com	
33	Dog Bones Limited	Box 78010 Nairobi	254-020- 6751539	ashwine@dogs.b.com	
34	Milk Plant	Box 3 Githunguri, Nairobi	0206752939/07 20536491	freshadairy@fresha.co. ke	
35	New Kenya Cooperative Creamers Lt	Box 30131 Nairobi	552965152	info@newkcc.co.ke	
36	Mini Bakers Ltd	Box 17592-00500 Nairobi	783877/783374	operations@minibake. com	
37	Golden Harvest Miller	Box 49855-00100 Nairobi	534200/211215 1	-	
38	Excel Chemicals Ltd	Box 18807-00500 Nairobi	-	info@excelchemicals.c om	
39	Gibsons Coffee Ltd	Box 9592-00300 Nairobi	254-020- 6762154/20759 67	supergibs@wananchi.c om	
40	Glaxo Smithkline Ltd	Box 78392-00507 Nairobi	254-020- 6933200	www.gsk.com	
41	Sameer Agriculture & Livestock Ltd	Box 102-00507 Nairobi	2540208016161 /555863	www.daima- freshdairy.com	
42	Bnb Limited	Box 34336-00100 Nairobi	020550919/073 5445666	bake- nbite@yahoo.com	
43	London Distillers Ltd	-	-	lock@londondistillers.	
44	Total Quality Mineral Water Co	Box 68722-0062 Nairobi	0732821955,07 19616102	tqmagua@yahoo.com	
45	Big Time Company	Box 26834-00100 Nairobi	254-20315714, 0722326523	bigtime@yahoo.com	
46	Pastom Products	Box 56465-00200 Nairobi	0721804902, 0202157400	-	

47	Nk Bakers( Tune	Light Industries	0711494132	-	
	Heart Cake)	Nairobi			
48	Value Pak LTD	Box 42828-00100	+254(020)8234	valuepak@wananchi.c	
		Nairobi	38/39	om	
49	Wanji Foods	Box 3124-00100	254-020-	sales@wanjis.com	
	Industries Ltd	Nairobi	2467190		
50	Jambo Biscuits Ltd	Box 78681-00507	254-020-	info@britania.co.ke	
			537002		
51	Premier Foods	Nairobi	-	-	
	Industries Ltd				
52	Corn Products Ltd	Box 11889-00400	020 3628000	sales.kenya@cornprod	
		Nairobi		ucts.com	

## APPENDIX THREE: MAP OF KENYA AND NAIROBI COUNTY





53