

**STRATEGY IMPLEMENTATION OF MCKINSEY'S 7S
FRAMEWORK AND PERFORMANCE OF LARGE
SUPERMARKETS IN NAIROBI- KENYA**

KENNETH ADWET

D61/72483/2011

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF
BUSINESS, UNIVERSITY OF NAIROBI**

2016

DECLARATION

This research project is my original work and has never been presented for any degree in this or any other university.

Signed.....

Date.....

Kenneth Adwet

D61/72483/2011

This research project has been submitted for examination with my approval as the university supervisor.

Signed.....

Date.....

Dr. Winnie Njeru

Lecturer, Department of Business Administration,

School of Business,

University of Nairobi

ACKNOWLEDGEMENT

The researcher wishes to acknowledge the humble contribution of my university supervisors for guiding me through the process of writing this research project. Despite of their busy schedule, they were able to spare time to discuss various issues in regard to this research. The encouragement I received from my family members and friends throughout the study period has been invaluable, Thank you all!

TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGEMENT.....	iii
LIST OF TABLES	vii
LIST OF FIGURES	viii
ABSTRACT.....	ix
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1 Strategy Implementation.....	2
1.1.2 McKinsey’s 7S Framework	3
1.1.3 Firm Performance	4
1.1.4 Strategy Implementation, McKinsey’s 7S Framework, and Firm Performance	5
1.1.5 Chains of Supermarkets in Kenya	6
1.1.6 Large Supermarkets in Nairobi.....	7
1.2 Research Problem	8
1.3 Research Objective	11
1.4 Value of the Study	11
CHAPTER TWO: LITERATURE REVIEW.....	12
2.1 Introduction.....	12
2.2 Theoretical Foundation	12
2.2.1 Wheel of Retailing Theory	12
2.2.2 Resource-Based View.....	13
2.2.3 Dynamic Capabilities Theory.....	14

2.3 The Concept of Strategy	14
2.4 Effectiveness of Strategy Implementation	15
2.5 Barriers to Strategy Implementation.....	17
2.6 Drivers of Strategy Implementation.....	17
2.7 Empirical Studies and Research Gaps	18
CHAPTER THREE: RESEARCH METHODOLOGY	20
3.1 Introduction.....	20
3.2 Research Design.....	20
3.3 Population of the Study.....	20
3.4 Data Collection	21
3.5 Data Analysis	22
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION	24
4.1 Introduction.....	24
4.2 Response Rate.....	24
4.3 Demographic Information.....	25
4.3.1 Gender	25
4.3.2 Age.....	26
4.3.3 Education	26
4.3.4 Work Experience	27
4.3.5.: Organizational Data.....	28
4.4: Strategy Adoption	29
4.5 McKinsey 7s Framework.....	31
4.6: Firm performance	34

4.7: Drivers of Strategy Implementation	36
4.9: Factor Analysis on the critical success factors for Firm Performance	39
4.10: Regression Analysis.....	46
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS ...	52
5.1 Introduction.....	52
5.2 Summary of Findings.....	52
5.2.1 McKinsey 7s Framework.....	52
5.2.2 Strategy Adoption.....	54
5.2.3 Drivers of Strategy Implementation	55
5.2.4 Barriers to Strategy Implementation.....	56
5.3 Conclusion	56
5.4 Implications of Research Findings.....	57
5.5 Limitations of the Study.....	58
5.6 Suggestion for Further Study	59
REFERENCES.....	60
APPENDICES	64
Appendix I: Research Questionnaire.....	64
Appendix II: List of Large Supermarkets in Nairobi, Kenya.....	71
Appendix III: Correlation Matrix of BPR Success Factors	72

LIST OF TABLES

Table 4.1: Response Rate.....	24
Table 4.2: Work Experience	28
Table 4.3a: Length of Operation.....	28
Table 4.3b: Number of Branches	29
Table 4.3c: Number of trained Staff	29
Table 4.4: Extent of strategy adoption.....	30
Table 4.5: McKinsey 7s Framework.....	31
Table 4.6: Firm Performance	35
Table 4.8: Barriers to Strategy Implementation.....	38
Table 4.9: KMO and Bartlett's Test	40
Table 4.10: Factor extraction	41
Table 4.11: Varimax Factor Rotation	43
Table 4.12a: Model Summary.....	46
Table 4.12b: Analysis of Variance.....	47
Table 4.12c: Regression Coefficients	48
Table 4.13a: Model Summary.....	49
Table 4.13b: Analysis of Variance (ANOVA)	49
Table 4.13c: Regression Coefficients	50

LIST OF FIGURES

Figure 4.1: Gender	25
Figure 4.3: Level of Education	27
Figure 4.4: Scree plot.....	42

ABSTRACT

The study's objective is to determine the relationship between strategy implementation of McKinsey's 7S Framework and performance of large supermarkets in Nairobi. Out of twenty one questionnaires sent out and or administered to the respondents, eighteen were correctly filled and received back representing a response rate of 85.7%. The researcher considered this response rate adequate for analysis. The finding of the research was a determination coefficient of 0.753 when the relationship between McKinsey's 7S and firm performance was tested. This depicts a strong relationship between performance by the firm and the independent variables. Thus, McKinsey's 7S account for 75.3% of the variations in firm performance. Another correlation coefficient of 0.921 and determination coefficients of 0.848 was established when McKinsey's 7S framework, strategy adoption, drivers to implementation of strategy, and firm performance was tested. This depicted a strong relationship between performance by the firm and independent variables. Thus, Strategy adoption, McKinsey 7S framework, Drivers to strategy Implementation and barriers to strategy implementation account for 84.8% of the variations in firm performance. Factor analysis found that cross-functionality of the strategy adoption, McKinsey 7S framework, drivers to strategy implementation and barriers to strategy implementation as the success factors for firm performance. It was also concluded that open system allows free flow of information between the departments/ branches within the organization to a large extent, while supermarkets with measurement and control mechanisms allowed them to gauge their level of progress and find ways of improving operations as compared to their competitors.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Numerous studies have been done on strategy formulation but less attention has been given to the implementation process. Several academic authors in strategic management have adopted McKinsey's 7S Model as a critical way of visualizing key considerations by managers when disseminating a strategy throughout their organizations (DeKluyver, 2000; Pearce & Robinson, 1997; Wheelen & Hunger, 1995; Jauch & Glueck, 1998). Strategy implementation can be much more difficult task than strategy formulation (Hrebiniak, 2006). Superior firm performance can be achieved only if the formulated strategies are successfully implemented (Noble, 1999).

According to Sadler (1993) the emphasis of resource based view is that competitive advantage that leads to superior value creation is created when a firm effectively and efficiently utilizes its resources and capabilities. An organization can achieve long-term competitive advantage if it has resources which are of high value and cannot be easily substituted (Barney, 1999). Distinctive competences of the firm are contributed by its resources and dynamic capabilities. When these competences are well applied a firm can realize its intended cost and/ or differentiation advantage (Scholes & Johnson, 1999). Newman and Cullen (2002) agree with McNair (1958) that the wheel of retailing theory is the most applicable in an attempt to explain the evolution of retail enterprises.

Supermarkets continuously face competition prompting them to come up with strategies to improve their market share. According to Langat (2011), supermarkets in Kenya have adopted different strategies to competition. Some of these strategies are increasing the number of products on offer, setting up satellite branches in residential areas, opening outlets on high demand areas (prime areas), pricing of goods and services lower than competitors, varied communication mix and offering loyalty programs to build customer loyalty. Other strategic responses that supermarkets in Kenya largely apply include competitive hiring of management staff, aggressive marketing and advertising to fend off competition and upgrading of Information Technology (IT) systems in the supermarkets for efficiency and improved customer service.

The influx of single stop shopping and projected increase in income has led to increase in retail industry Kenya. Most of these supermarkets crush down shortly after attaining maturity because of increasing competition in the retail industry (Agarwal & Audretsch, 2001). According to Nielsen Report (2015) the Kenyan retailing industry has had remarkable growth with most retailers opening outlets in East Africa and beyond. Retailers have continued to position themselves to provide different kinds of customer requirements by opening branches in the newly opened malls and shopping centers.

1.1.1 Strategy Implementation

Strategy implementation forms a major component of strategic management that can help an organization achieve its objectives if well executed (Pearce & Robinson, 1997). Strategy implementation transforms the formulated strategies into actions which ensure

that the firm's objectives are successfully achieved as laid out in the strategy (Hill & Jones, 2008). Regardless of how good the formulated strategy is, the organization will not benefit if it is incorrectly implemented, hence the need to study strategy implementation with a view to making the process a success. In order for organizations to achieve their objectives it is important that they adjust to the environment they operate in (Pearce & Robinson, 1997), hence managers have the task of translating the organizations strategies into action and shifting focus to working the plan. Kaplan and Norton (2008) established that approximately 70% of strategy implementation failures are due to bad execution, not the strategy itself. They established inaccurate measurement tools as one of the major causes of execution failures.

1.1.2 McKinsey's 7S Framework

McKinsey's 7S model provides better description of the key variables that can realize effective strategy implementation. The model shows interconnections among seven variables and how they facilitate organizational change and progress. The framework shows how the seven variables affect the firm's ability to implement the formulated strategies (Kaplan, 2005).

According to Waterman et al (1980) structure entails how activities are divided, the mechanisms of integration and coordination in the organization. Strategy defines what the business seeks to achieve and the way it intends to achieve its competitive advantage. Systems are operating procedures on how issues such as implementation process measurement, resource allocation, communication routines, and conflict resolution.

Staff entails the organization's human resources, including demographic and educational characteristics. Style is how key groups and other professionals of influence behave in the organization. Skills are the organization's core competencies and distinctive capabilities. Shared values form core beliefs of an organization and how they influence the way an organization views its stakeholders.

1.1.3 Firm Performance

Every organization while formulating strategies seeks to achieve competitive advantage. Firm performance reflects the effectiveness of implementation of the strategies. During the implementation process it is necessary to carry out performance measurement so as to get significant invaluable information. This gives clear progress report that can help improve motivation and coordination and highlight problems in case of any (Waggoner, Neely & Kennerley, 1999). Firm performance may be determined by its economic view, behavioral and sociological paradigms.

According to Hutchinson and Gul (2004) performance measurements can be accounting or market-based. However, Kankpang and Okonkwo, (2012) added measurements like output per staff, which might not be in the accounting or marketing based measurements. Ebrahim et al (2014) suggested that in future researchers should consider using both accounting and market based measurements to improve on the accurately while measuring firm performance.

There has been no consensus regarding the definition of firm performance, however, for the purposes of this research the following aspects will be investigated; profitability, growth, customer satisfaction, employee satisfaction, improved internal business processes, environmental performance, social performance, efficiency, and effectiveness.

1.1.4 Strategy Implementation, McKinsey's 7S Framework, and Firm Performance

According to Kazmi (2008), managers need to know the sequence of steps to follow, what makes them necessary for business, and the factors which are critical for success. A new model in strategy implementation is therefore needed for managers for better understanding of the process and to achieve the organizations' objectives. For an organization to benefit from the formulated strategies there is great need to study strategy implementation with a view to making the process a success. The McKinsey's 7S framework shows interconnections among seven variables and how they facilitate organizational change and progress.

A firm's capability to create returns reflects profitability (Glick *et al.*, 2005). Wheten (1987) adds that growth is demonstrated when a firm is able to increase in size. Barney and Clark (2007) add that a satisfied customer is willing to pay thereby increasing the value creation by a company. Investments in human resources are related to employees' satisfaction (Harter, Schmidt, & Hayes, 2002). Communities and governments can be considered satisfied through social and environmental performance (Chakravarthy, 1986; Waddock & Graves, 1997).

The effectiveness of implementation of the strategies is reflected on the performance of the firm. The effectiveness may be reflected in terms of profitability, improved internal business processes, growth, efficiency, effectiveness, customer satisfaction, environmental performance, social performance, and employee satisfaction.

1.1.5 Chains of Supermarkets in Kenya

Kenya is increasingly attracting foreign retailers such as Botswana's largest groceries chain, Choppies which is in the process of acquiring 10 stores of Ukwala supermarkets. In May 2015, South Africa's Massmart also entered the market with the opening of Game stores. In October 2015, French chain Carrefour opened its stores at the Two Rivers mall (Business Daily Africa, 2015). Foreign interests in the Kenya's retail sector is rising due to the fast growing middle class, more informed consumers, increased number of malls and the growth of the four leading supermarkets (The Economist Group, 2016). Kenya has been ranked after South Africa as the second biggest retail market with approximately 30 per cent of Kenyans shopping in formal outlets (Nielsen report, 2015).

Some foreign retail chains like South Africa-based Metro Cash & Carry and Lucky 7 exited Kenya in 2005 after brief stints in the country. However, other foreign retail chains such as Botswana-based retail chain Choppies, South Africa's Massmart and French-based retail chain Carrefour are in the process of entering the local retail sector. The locally-based supermarkets also show mixed fortunes; Nakumatt supermarket for example has opened 59 outlets in Kenya and the East African region by May 2016, Tuskys supermarket opened 51 outlets within the same period in Kenya and East African

region, while Uchumi supermarket has 24 outlets in Kenya and is currently fighting insolvency due to inability to pay its major suppliers and Ukwala supermarket has 10 outlets and is in the final stages of being acquired by Choppies retail chain. Naivas supermarket has 19 outlets distributed in Kenya and is yet to move to the regional market.

1.1.6 Large Supermarkets in Nairobi

The retail industry is very dynamic with supermarkets falling in the categories of sole proprietorships, partnerships, limited liability companies, and public owned companies, with most of them having their head offices in Nairobi and outlets spread in major towns in Kenya and in East Africa region. The five leading supermarkets in Kenya are Nakumatt Holdings with 59 branches locally and regionally; Tuskys supermarket has 51 branches locally and regionally; Uchumi supermarket has 24 branches locally; Naivas supermarket has 19 branches locally; and Ukwala has 10 outlets only in the Kenyan market (Business Daily Africa, 2015). Apart from the five, there are several other retail outlets in Nairobi estimated at over 200.

These supermarkets are located within the capital centre of Nairobi with branches all over Kenya and some have gone to East and Central Africa region. The location enables them to stock other household goods such as household appliances, clothing, furniture, eateries and groceries. Approximately 78% of shoppers in Eastern Africa shop at informal outlets due to the proximity to the outlets and low income levels forcing them buy smaller packages (Kestrel Capital, 2012).

However, with projected rise in income levels and supermarkets stocking smaller packages, there is an opportunity for the supermarkets to open more outlets especially closer to the customers.

1.2 Research Problem

According Tharnurjan and Seneviratne (2009) competitive pressures imposed on organizations are due to the global business environment and shifting economic activities between and within regions, which in turn create necessitate competitiveness. However, communication integration between customers and suppliers has been simplified by internet-based technologies, helping to achieve new competitive advantages and improving firm performance (Borges-Tiago, 2008). The McKinsey's 7S model requires that the seven elements be aligned for the firm to improve its performance. The framework therefore becomes useful in identifying the elements should be realigned or maintained during other times of change to improve the firm's performance.

The stiff competition that exists between the supermarkets is mainly because they offer similar products and services. Organizations need strategies and effective implementation of these strategies to deal with emerging environmental challenges in order to remain viable. The dynamism of the retail industry makes it an interesting field of study, as one of the important areas Kenya has to focus on to help realize the vision 2030. This is because wholesale and retail trade is the link between production and consumption, both of which are expected to expand economic growth of the country.

Studies have been carried out on various aspects of retail chain operations that evaluate on the performance of supermarkets. Hayden et al (2002) found out that Wal-Mart stores (US) has successfully adopted strategies like low pricing, induced competition between its stores, corporate takeover of national retail chains, positive brand and name recognition, branching out into new sectors of retailing, and clear and direct strategies. Matamalas and Ramos (2009) compared strategy implementation by four large supermarkets (Coop Forum, MAXI, Lidl, and Netto) in UK and found that the supermarkets adopt in different levels the majority of the strategies whereby some supermarkets employ low prices strategy and ignore the implementation of other strategies.

Rexhepi (2012) established that most supermarkets in Albania implement cost strategies and that the implementation of these strategies were carried out by middle level managers while top managers formulated the strategies. He also found that for successful implementation of the strategies to be achieved, the structure must be simple and flexible, availability of cross-functional team, and supportive culture both organizational and country. According to Sathyamoorthi and Mburu (2016) supermarkets are able to survive if the management can effectively utilize the pricing strategy by availing the necessary products at optimum prices.

Locally, Langat (2011) found out that some of the strategic responses adopted by supermarkets are increasing the number of products on offer, setting up satellite branches in residential areas, opening outlets on high demand areas (prime areas), pricing of goods

and services lower than competitors, varied communication mix and offering loyalty programs. According to Karanja (2012), large supermarkets in Nairobi responded to competition by adopting strategies such as cost cutting, use of latest technology, business process rationalization, automation of operations, customer service, location in strategic areas, training of staff, and increased advertisement and branding, increased speed of service delivery, product packaging, after sale services, cash and volume discounts, and freebies. Magu (2014) found that marketing strategies adopted by Nakumatt supermarket are influenced by factors such as availability of support enterprises, shopping centers and retail outlets, economic environment, intense competition, and market demographic characteristics.

The above studies show different aspects of supermarkets and strategies adopted for their survival and how these strategies are implemented consequently affecting their effectiveness. The interest of foreign supermarkets in the Kenyan retail market, contribution of supermarkets to the economy, and the scenario of mixed fortunes experienced by supermarkets even with the adoption of similar strategies are the motivation of the study. The study will give invaluable insight and knowledge on the perceived effectiveness of strategy implementation in large supermarkets in Nairobi. The research question is; “Is there a relationship in strategy implementation of McKinsey’s 7S model and performance of large supermarkets in Nairobi?”

1.3 Research Objective

The study's objective is to determine the relationship between strategy implementation of McKinsey's 7S Framework and performance of large supermarkets in Nairobi.

1.4 Value of the Study

The findings will be important to current and future scholars who may need to research on the linkage of strategy implementation of McKinsey's 7S and performance of large supermarkets in Nairobi Kenya and within other business investments in Kenya. The research will also help build on the body of knowledge in strategic management.

The policy makers and regulators of the retail industry may also find the study useful because they will be able to know how policies they develop can affect the strategies developed by the competitors in the industry. The study will also provide the management of supermarkets with a picture of the strategy implementation of McKinsey's 7S and the influence of successful strategy implementation has on performance of their organizations.

The study will provide invaluable insight and knowledge on how successfully implemented strategy in line with McKinsey's 7S model affect performance in large supermarkets in Nairobi. The findings will be of value to scholars, supermarket management and investors, retail industry policy makers and regulators.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter provides a theoretical review, empirical review and literature view discussing some of the key variables of strategy implementation and its link to strategy implementation of McKinsey's 7s and performance of major supermarkets in Nairobi Kenya. The literature review provides an insight of previous view on factors that are important during the strategy implementation process and how they are linked to performance of major supermarkets in Nairobi.

2.2 Theoretical Foundation

This section addresses the theoretical foundations for research in strategy implementation and performance. The areas explored are Wheel of Retailing theory, Resource-Based View and Dynamic Capabilities theory.

2.2.1 Wheel of Retailing Theory

According to McNair (1958) the theory is the development process that includes entry, trade-up, and vulnerable phases. It is demonstrated by a diagram of a wheel having three spokes which divide it into three phases. The first phase begins with the introduction of innovative retail outlets, offering few products at low prices and low level of services. The institutions at this first phase would work with low margins because of minimal level of services offered, and reduced cost of operation. Other retailers in competition promptly copy and adopt these characteristics from the successful institutions (Berens, 1980; Edwards, 1958).

Gist (1968) explained the theory that institutions were seen to be mature when there was an increase in operating margin. Newman and Cullen (2002) support the theory to be the most applicable in an attempt to explain the evolution of retail enterprises. The mature institutions become vulnerable and therefore adopt new strategies for survival and maintenance of competitive advantage while new entrants come up with new innovations to enable them challenge the mature institutions.

2.2.2 Resource-Based View

The theory explains that a firm achieves long-term competitive advantage by managing its resources in a way that competitors cannot imitate the results, thereby creating a competitive barrier (Hooley & Greenley, 2005). An organization can achieve long-term competitive advantage when it has resources that cannot be substituted, rare, have high value, and firm specific (Barney, 1999). Inputs into the production process like capital, human resources and equipment form the resources of a firm.

The resource-based theory makes it necessary to understand how the resources are utilized and pooled to realize long-term competitive advantage. Barney (2010) has postulated that to achieve sustainable competitive advantage, firms should analyze the potential of their resources and optimally use them. Depending on the application, resources can either be drivers or barriers towards strategy implementation and consequently impact on the performance of a firm.

2.2.3 Dynamic Capabilities Theory

The concept as defined by Teece et al. (1997) is how the firm is capable of integrating and reconfiguring its internal and external competences in an effort to adapt to the fast changing environments. It is assumed in this theory that sustainable competitive advantage is achieved by the use of core competencies to transform short-term competitive positions. It is necessary that the organization and employees promptly learn how to apply technology and feedback generated from its customers to improve internal processes for high performance to be realized.

It is necessary that the organization's current strategic assets be changed and reengineered. Teece's (1997) argues that what should be of concern is the capacity of an organization to know how and when to seize the opportunities and protect it against the threats. The firm's performance may also be determined by how its strategic assets are coordinated and integrated.

2.3 The Concept of Strategy

Over the last three decades, the work of practitioners and academic researchers has been dominated by concerns related to the strategic impact of downsizing, restructuring, re-engineering, out-sourcing, and empowerment on operational performance of both service and manufacturing firms (Neilson & Pasternack, 2005).

Several academic authors in strategic management adopted McKinsey's 7S Model as a useful way of visualizing the key components managers must consider when

disseminating a strategy throughout their organizations (DeKluyver, 2000; Pearce & Robinson, 1997; Wheelen & Hunger, 1995; Jauch & Glueck, 1998). The concept of strategy provided an explanation on why some firms with very different approaches to their industry could succeed while others that followed similar approaches were not equally successful (Hamermesh, 1983).

The strengths of McKinsey's 7S model are its ability to describe the seven variables, to recognize the significance of the interrelationships that exists among all the seven variables, and its generic form makes it applicable to either manufacturing or service firms. The limitations of taxonomy are its lack of variables that deal with external environment and performance related issues. The principal reason for this lack of "completeness" of McKinsey's 7S Model is its origin, which was from practice as opposed to theory. In other words, McKinsey's 7S model represents an attempt to explain McKinsey's beliefs about manufacturing and service firm's operations ex post facto (Burke & Litwin, 1992).

2.4 Effectiveness of Strategy Implementation

Strategy implementation will usually involve empowering the team to perform their duties proficiently for success to be achieved (Thompson & Strickland, 2003). Successful implementation partly entails preventing problems from occurring during the implementation process (Alexander, 1985). If such problems occur during implementation, then quick action should be taken to solve them.

Waterman et al., (1980) identifies the element structure as how the activities are divided, and how mechanisms are coordinated and integrated. Higgins (2005) defines structure as comprised of jobs, the power for doing the jobs, how the jobs are grouped, and the manager level of authority, and coordination mechanisms. The element strategy is the measures that a firm plans to undertake in response to environmental changes, customers, and competitors (Waterman et al, 1980). This study will focus on strategy implementation and how its success relates to performance of major supermarkets in Nairobi.

The element system includes formal procedures for identifying, measuring, controlling and monitoring mechanisms (Waterman et al., 1980). The element style includes management style and how other professionals and key groups behave in the organization (Waterman et al., 1980). The focus of the study concerns the acts of leadership or higher management towards strategy implementation.

According to Waterman et al., (1980) the element staff refers to the human resources; its educational characteristics, experience and demographics. The element skills are the company's competencies and distinct capabilities (Waterman et al, 1980). Higgins (2005) replaces skills with re-Sources: people, technology, and money. This study will focus on the financial resource allocation towards strategy implementation. The element shared value is the organizational core beliefs and values (Waterman et al, 1980). The study will seek to establish if the existing culture of the organization supports the implementation of strategies.

2.5 Barriers to Strategy Implementation

According to Fortuin (2007) 70 percent of the Chief Executive Officers failed mainly because of poor strategy execution. Kaplan and Norton (2008) identified four barriers to strategy implementation as vision, resource, people and management barriers. One of the reasons they found out for bad strategy implementation was inaccurate measurement tools.

Hrebiniak (2005) identified six major barriers to effective strategy implementation as: managers are trained to formulate strategy but not to implement, top management aim at strategy formulation and leave the implementation to operational level employees, strategy planning and implementation are treated as separate processes, speeding up the implementation process, challenge of communicating strategy to the different levels of the organization, and making strategy implementation an action or a single step not as a process. Merchant and van Der Stede (2007) stress the need for control and measurement of strategy implementation for its success due to lack of direction, motivation problems, and personal limitations on the part of employees.

2.6 Drivers of Strategy Implementation

Jones (2008) suggests that organization will successfully implement strategies when all members of the organization are brought on board to support the process of strategy execution. Merchant and Van Der Stede (2007) adds that there is success if the employees understand the strategy and are ready and able to implement the strategy. For successful implementation of the strategies to be achieved, the structure must be simple

and flexible, availability of cross-functional team, and supportive culture both the organizational and host country culture (Rexhepi, 2012). To successfully implement strategy, top management should ensure that managers at the operational level also share similar perception of the strategy and its implementation process (Raps, 2004).

Kaplan and Norton (2005) came up with four perspectives that can help a firm to achieve success in strategy execution as financial, internal processes, customer, and learning and growth. Pearce and Robinson (2005) add that the organization's structure and leadership style are important aspects in strategy implementation. Geiger et al. (2006) also agrees that structure is a key success element driver of strategy implementation. Stone et al. (1999) added the structure of authority, and leadership behavior as determinants of strategy implementation. Lewis et al. (2001) emphasized on how strategy implementation can be delayed by the internal and external stakeholders.

2.7 Empirical Studies and Research Gaps

Although Hayden et al (2002) found out that Wal-Mart stores (US) has successfully implemented most of the strategies like low pricing, induced competition between its stores, Matamalas and Ramos (2009) found that different supermarkets use in different levels the majority of the strategies while some employ low prices strategy and ignore the implementation of other strategies. Rexhepi (2012) found that for successful implementation of the strategies to be achieved, the structure must be simple and flexible, availability of cross-functional team, and supportive culture both the organizational and

host country culture. The studies did not address how the strategies adopted by the various supermarkets relate to the performance of these organizations.

Langat (2011) and Karanja (2012) found out that several strategies such as increasing the number of products on offer, setting up satellite branches in residential areas, opening outlets on high demand areas (prime areas), pricing of goods and services lower than competitors, varied communication mix and offering loyalty programs, business process automation, and branding are being implemented by supermarkets in response to increasing competition. However, their researches did not include measurement of the performance of large supermarkets based on the adoption of the strategies. Magu (2014) found that marketing strategies that Nakumatt supermarket implemented were influenced by factors such as availability of support enterprises, shopping centers and retail outlets, economic environment, intense competition, and market demographic characteristics. The researcher did not investigate the effectiveness of implementation of the strategies and their impact on organizational performance within the Kenyan retail sector.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter section focused on research methods and the procedures used in carrying out the study. The below subsections covered encompass the chapter: research design section, population of the study section, data collection section and data analysis section.

3.2 Research Design

The research study adopted a descriptive cross sectional survey design. Cross-sectional studies are conducted once and represent a one point in time research while descriptive survey involves gathering required information through the use of interviews and or use of a questionnaire to a sampled population (Cooper & Schindler, 2008).

Surveys are used to gather systematically factual information necessary for decision making. Survey explains events as they are, as they were, or as they will be and to simply describe events or opinions without manipulating variables, the researcher used descriptive survey design. The cross-sectional descriptive survey was the most apt for the research study due to the cross-sectional nature of the information that was collected and the inherent analysis.

3.3 Population of the Study

Kombo and Tromp (2006) described a population to be a cluster comprising of individuals, objects and items to be sampled for measurement purposes. Although Mutula and Brakel (2006) hold in their study that there is no one commonly agreed meaning for

the size of an enterprise, Ubom (2006) argued that value of capital, sales turnover, and value added can be used as measurements for determining and classifying of enterprises.

The large supermarkets for this study have more than five outlets or branches within and outside Nairobi county offering similar products and thus have well defined structures and strategic plans in order to counter competition and get a return on investments. The population of this study was seven supermarkets. A census of three (N=3) respondents were interviewed from each of the Seven (7) large supermarkets in Nairobi. A sample of twenty one managers from the large supermarkets was used.

3.4 Data Collection

Kumar (2005) defined a questionnaire as list of questions which the respondents are expected to give answers to. The questionnaire was constructed in a way that each and every question addressed the specific objectives (Mugenda & Mugenda, 2003). Kothari (2004) advises that the questionnaire method is considered appropriate because it is less prone to interference and bias of the interviewer. Respondents were given adequate time to give their answers.

In this study a structured questionnaire was used. The study targeted at least one respondent each from branch managers, Heads of Departments and functional management team of the seven large supermarkets in Nairobi as listed in the yellow pages of the Nation Business Directory, Nairobi (2016). The drop and pick method was used.

3.5 Data Analysis

The descriptive measures such as mean, percentages and frequency distribution tables were utilized in analyzing the collected data in order to provide a summary and link study variables obtained using the said questionnaires. The researcher used factor analysis and regression analysis models. The factor analyses helped rank the factors from the highest scores to the lowest based on their perceived impact on the performance of supermarkets.

The factor analysis model used was:

In case of p number of variables (X_1, X_2, \dots, X_p) measured on a study sample size of n subjects, then variable i can be written as a linear combination of m factors (F_1, F_2, \dots, F_m) where $m < p$. Therefore, $X_i = a_{i1}F_1 + a_{i2}F_2 + \dots + a_{im}F_m + e_i$ where the a_{is} are the factor loadings (that is, scores) for variable i and e_i is the part of variable X_i that may not be described by the factors.

The regression model helped show whether the factors have an influence on the supermarkets performance. The model used was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + e$$

Where;

Y = Firm Performance

β_0 = Firm Performance which is not sensitive to the independent variables

β_1 = change in Firm Performance resulting from a unit change in independent variable

X_1 = Structure

$X_2 = \text{Strategy}$

$X_3 = \text{System}$

$X_4 = \text{Staff}$

$X_5 = \text{Style}$

$X_6 = \text{Skills}$

$X_7 = \text{Shared Value}$

$e = \text{error term}$

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The chapter presents and discusses the analysis of data done, findings obtained and discussions of the said findings. Information presented within this chapter begins with analysis of general information obtained from the study respondents, then factor and regression analyses are also presented and discussed.

4.2 Response Rate

The study targeted 21 managers from seven supermarkets in Nairobi. Questionnaires were distributed to the top management and middle level management who are perceived to be involved in running and managing the supermarkets actively. Table 4.1 below presents the response rate.

Table 4.1: Response Rate

Categories of Clients	Questionnaires administered	Questionnaires properly filled and returned	Percentage
Managers	9	8	44%
Departmental heads	12	10	56%
Total	21	18	86%

Source: Primary Data

Out of the twenty one questionnaires, eighteen were properly filled as anticipated and returned therefore representing an eighty six percent response rate. This rate of response was considered adequate for analysis. According to Mugenda (2003), a response rate of above seventy percent is good therefore the response was very good for the study. Out of the 18 respondents, 44% were managers while 56% were departmental heads.

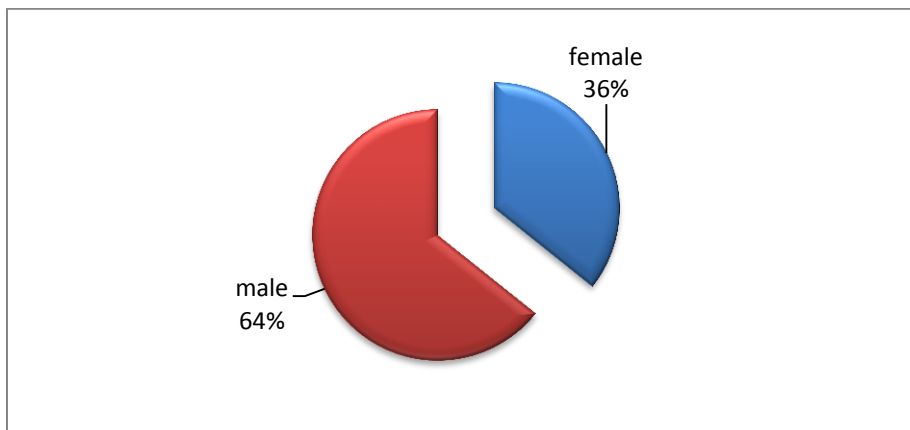
4.3 Demographic Information

This section presents the demographic information of the study and discusses the same.

4.3.1 Gender

The researcher had the objective to establish the distribution of gender of the study respondents. Figure 4.1 shows the gender distribution.

Figure 4.1: Gender



Source: Primary Data

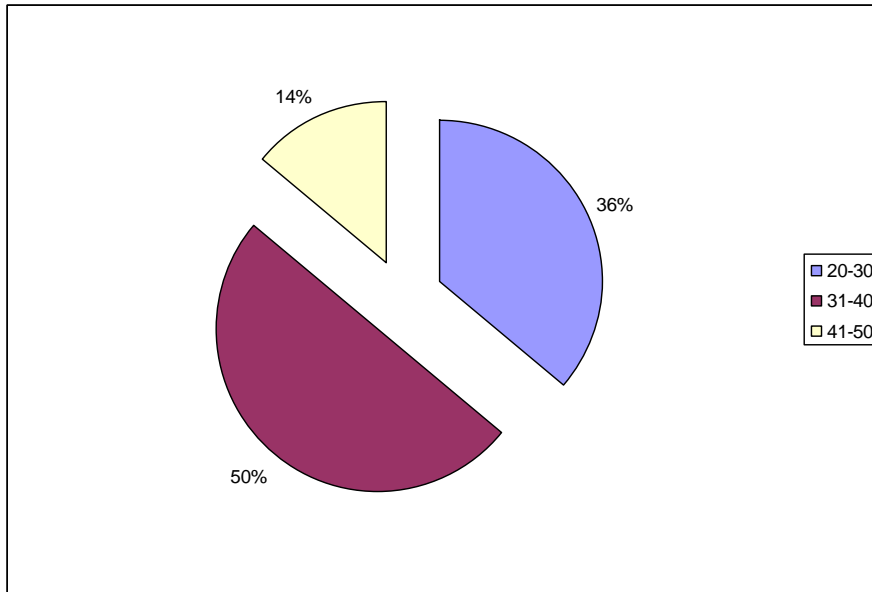
From the analysis sixty four percent of the respondents are male while thirty six percent are female. The findings show that the management of the supermarkets had more male than female.

4.3.2 Age

This study also investigated the composition of the respondents in terms of age brackets.

The results on age variable are represented in the figure 4.2 below.

Figure 4.2: Age



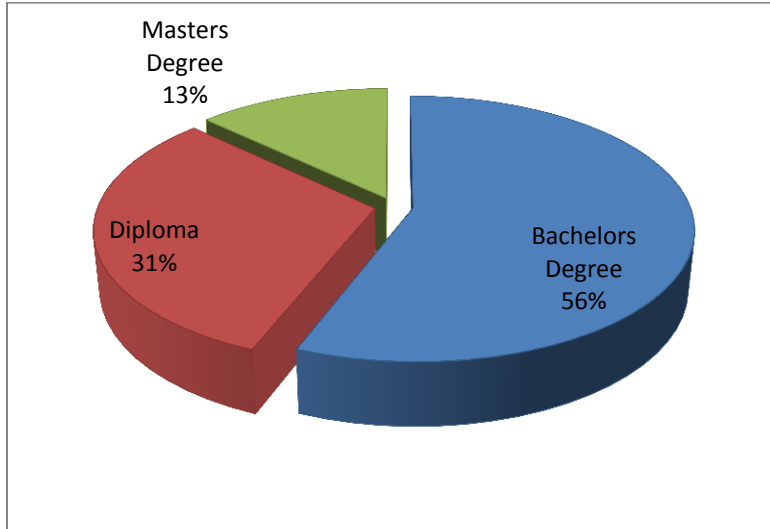
Source: Primary Data

The study found out that 50 percent were between the ages of 31-40 years, 36 percent were between 20-30 years and 14% were between 41-50 years. The study therefore identified that most of the management team in the large supermarkets in Nairobi were below 40 years old.

4.3.3 Education

The research study sought to find out education level of the said respondents. Figure 4.3 below shows the findings.

Figure 4.3 Level of Education



Source: Primary Data

The findings show majority (fifty six percent) of the respondents had attained Bachelor's degree followed by 31% with Diploma level of education. It was also established that 13% had a Master's Degree as their highest level of in the supermarkets management team. These results imply that 69% of the respondents qualified and familiar with their responsibilities and could discharge their duties effectively.

4.3.4 Work Experience

This research study sought to establish how long the respondents have been working with the supermarkets. The Table 4.2 summarizes the findings.

Table 4.2: Work Experience

Work experience (years)	Frequency	Percentage
0 to 5	3	17
6 to 10	4	22
11 to 15	11	61

Source: Primary Data

Therefore according to the above summary of findings, majority (sixty one percent) of the studied respondents had work experience of above 10 years with supermarkets. It was also noted that seventeen percent of respondents had less than 5 years of working experience.

4.3.5.: Organizational Data

The study also sought to find out length of time supermarkets have been operating and in existence, number of branches and the number of staff. Tables 4.3a, 4.3b, and 4.3c show the summary of the findings.

Table 4.3a: Length of Operation

Years	Frequency	Percentage (%)
Less than 10	3	17
Above 10	15	83

Source: primary data

Table 4.3b: Number of Branches

Number of branches	Frequency	Percentage (%)
Less than 5	Nil	0
Above 5	7	100

Source: Primary Data

Table 4.3c: Number of trained Staff

Number of staff	Frequency	Percentage (%)
Less than 50	3	17
Above 50	15	83

Source: Primary Data

The above results indicate most supermarkets (eighty three percent) had been in operation for more than ten years while 17% of the supermarket had been in operation for less than ten years. In addition it was also established that all the supermarkets had more than 5 branches in Nairobi and other parts of the country. It was also noted that 83% of the supermarkets constantly trained over 50 staff annually while the rest 17% trained less than 50 staff annually to facilitate strategy implementation.

4.4: Strategy Adoption

Strategy adopted by a firm is crucial since it determines the moves and approaches that a firm utilizes to attract and retain buyers, withstand competitive pressure and improve its market position. The researcher wanted to establish the level at which supermarkets have adopted different strategies to survive in an environment with looming competition. The findings are presented in table 4.4.

Table 4.4: Extent of strategy adoption

STRATEGIES ADOPTED		NO.	Mean Score	SD
1	Use of latest technology	17	3.83	0.99
2	Cost cutting strategies	18	3.94	0.45
3	Business process automation	18	3.43	0.98
4	Staff reduction	18	2.80	1.40
5	Offering loyalty programs	17	3.14	0.44
6	Customer care services	16	3.67	0.77
7	Increased advertising	17	3.27	0.97
8	Opening more branches in strategic locations	18	4.67	0.47
9	Branding of some of the products	18	3.62	0.79
10	Staff training and development	18	3.64	0.85
Average Score		18	3.60	0.81

Source: Primary Data

The results show that most supermarkets have been opening more branches in strategic locations. This was inferred from a high calculated mean of 4.67. Additionally supermarkets have also employed cost cutting strategies to a large extent; mean equals 3.94, with a small standard deviation 0.45 indicating homogeneity of responses made by the respondent.

However, it was found that most of the supermarkets do not do much of staff reduction. This was supported by a calculated average score of 2.8 and a high standard deviation of 1.40 which indicates greater variation on the responses made. The respondents agreed that the supermarkets have adopted several strategies to effectively compete and sustain. This was supported by an average score of 3.60.

The findings corroborate with Walters (2011) who argued that business location puts into consideration a number of tips as government restrictions, demographic characteristics of the population, accessibility of the business.

4.5 McKinsey 7s Framework

This framework is based on the ground that a firm consists of seven critical aspects. The study sought to establish whether supermarkets have integrated the concept in order to realize their objectives. The results are presented in the 4.5.

Table 4.5: McKinsey 7s Framework

McKinsey 7S Framework	NO.	Mean Score	SD
STRATEGY			
Involvement in the strategy formulation	18	3.57	0.87
Simple, clear, and easily understood strategies	18	4.11	0.68
Concise implementation stages and timeline	17	3.79	0.76
The strategy is compatible with the organization's vision and mission	18	4.12	0.79
Average Score	18	3.90	0.78
STRUCTURE			
Clear integration and coordination mechanisms	18	3.91	0.73
Job allocation and authority to do those jobs	18	3.90	0.47
Simple organization structure	18	2.42	1.05
Decentralized decision making process	18	3.84	0.58
Average Score	18	3.52	0.71
SYSTEM			
Availability of measurement and control mechanisms	18	3.45	0.74
ICT system to assist in strategy implementation	17	3.12	0.68
Monitoring the effectiveness of strategy implementation	18	3.99	0.95

McKinsey 7S Framework	NO.	Mean Score	SD
Open system i.e. free flow of information between the departments/ branches within the organization	18	4.20	0.59
Average Score	18	3.69	0.74
STAFF			
Sufficient number of employees to facilitate the implementation process	18	4.34	0.54
Level of education and experience of organization staff	18	3.68	0.68
Availability of multi-disciplinary team involved in the strategy implementation	17	3.95	0.42
Good working relationship within members of the team	17	4.79	0.08
Average Score	18	4.19	0.41
STYLE			
Support of key groups and other professionals	18	2.79	1.07
Attitude of leadership towards the strategy being implemented	18	2.99	1.07
Sufficient support from Top management	18	3.45	0.90
Leadership style that allows those involved in strategy implementation to participate freely	17	4.55	0.08
Average Score	18	3.45	0.78
SKILLS			
Efficient feedback mechanisms	18	3.10	0.79
Availability of relevant skills and competences within the staff	18	4.61	0.39
Availability and allocation of financial resources	18	3.80	0.45
Availability of sufficient ways of developing skills	16	3.98	0.45
Average Score	18	3.87	0.52
SHARED VALUES			
Employees' belief in the vision and mission of the organization	18	3.88	0.80
The organization's culture and ability to change	18	4.44	0.68
Employee's awareness of the strategy being implemented	17	4.26	0.58
The strategy is supported by the prevailing local/ national culture	18	2.59	0.59
Average Score	18	3.79	0.66
Overall Average Score	18	3.77	0.65

Source: Primary data

The respondents believed that simple, clear, and easily understood strategies lead to the success of the process of implementing the strategy; the mean is 4.10. Similarly the respondents indicated that the strategies employed should be compatible with the organization's vision and mission to larger extent (represented by a high mean of 4.12).

The findings showed most of the respondents indicated that there was need for clear integration and coordination mechanisms in the organization as presented by a high calculated average score of 3.91 with 0.73 as standard deviation. The findings support findings by Alonso et al. (2007) who cited that large companies are able to achieve a high level of internal direction and order with little or no centralization.

The study also found that there is need for supermarkets to have an open system which allowed free flow of information between the departments/ branches within the organization to large extend as represented by computed mean 4.20. Further it established that supermarkets should monitor the effectiveness of strategy implementation to a large extent. This was supported by 3.99 mean and 0.95 standard deviation.

The study respondents agreed to a very large extent that good working relationship within members of the team lead to the success of the process of implementation of strategy, shown by average of 4.79 with a very low standard deviation of 0.08 which implies there was uniformity in respondents' responses'. It was also found that respondents believed to a great extent that when there is sufficient number of staff with relevant skills and experience are allocated for strategy implementation process then the strategy is most

likely to succeed. This was supported by 4.34 mean. The respondents also believed to very large extend availability of relevant skills and competences within the staff lead to the success of strategy implementation process with an average score of 4.61 with a low deviation of 0.39. The study also sought to establish how the organization shared values influenced the success of strategy implementation process. The respondents also believed largely that employee's awareness of the strategy being implemented lead to the success of strategy implementation process (indicated by 4.26 mean).

The study established that the respondents believed that the element staff is very crucial in the implementation process compared to the other six elements. This was supported by an average score of 4.19. The element style was ranked last among the seven elements by the respondents scoring 3.4.

4.6: Firm performance

The researcher sought from the respondents their views on how their organizations measure performance. Table 4.6 presents the results on firm performance

Table 4.6: Firm Performance

FIRM PERFORMANCE		No.	Mean Score	SD
1	Profitability	18	4.11	0.78
2	Growth of the organization e.g. opening more branches	18	4.67	0.49
3	Customer satisfaction	18	4.67	0.49
4	Employee satisfaction	18	3.78	0.88
5	Improved internal business processes	18	4.17	0.71
6	Environmental performance e.g. complying with environmental and safety standards	18	3.67	0.59
7	Social performance e.g. organization's image as perceived by the public	18	3.72	0.75
8	Efficiency (example: improved service delivery)	18	4.50	0.51
9	Effectiveness (example: waste reduction, optimum stock maintenance)	18	3.89	0.76
10	Customer retention	18	4.61	0.61
Average Score		18	4.18	0.66

Source: Primary Data

The findings above indicate most respondents strongly agreed that growth of the organization e.g. opening more branches; customer satisfaction and retention are ranked highly when measuring firm performance with a score of 4.67, 4.67, and 4.61 and standard deviation of 0.49, 0.49, and 0.61 respectively. Environmental performance e.g. complying with environmental, health and safety standards was ranked the lowest scoring 3.67.

4.7: Drivers of Strategy Implementation

The researcher investigated various drivers of strategy implementation. Table 4.7 presents findings on this study variable.

Table 4.7: Drivers of Strategy Implementation

DRIVERS OF STRATEGY IMPLEMENTATION		No.	Mean Score	SD
1	Culture still remains a key factor in the strategy implementation process	18	4.63	0.49
2	The structure of the organization dictates the way strategy is implemented	17	3.72	0.45
3	Effective leadership is a plus in strategy implementation	17	3.74	0.74
4	Supportive systems e.g. monitoring, control, and communication systems support strategy implementation	18	4.70	0.43
5	The success of strategy implementation lies on the firm's ability to rapidly transform learning into action	16	4.67	0.42
6	Effective strategy implementation requires competent employees' participation and support	18	3.88	0.96
7	The strategy to be implemented must be well understood by all participants and effectively communicated	18	3.99	0.42
8	Adequate and prompt resources allocation	18	4.33	0.80
9	Support of the Shareholders/ Directors	18	4.32	0.46
10	Adequate planning of the strategy implementation process	17	3.79	0.56
Average Score		18	4.18	0.57

Source: Primary Data

The results show that respondents strongly agreed that supportive systems e.g. monitoring, control, and communication systems support strategy implementation is effective parts of strategy implementation process. This was shown by a mean of 4.70. Furthermore the respondents also believed that effective leadership is a plus in implementation of strategy as indicated by a calculated 3.74 mean.

4.8: Barriers to Strategy Implementation

Most supermarkets in Kenya are versed with their current economic state; they also have prospects of what they want to achieve, in that regard they formulate preferred actions or strategies to employ to attain their objectives. However some might not necessarily achieve their objectives due to barriers in strategy implementation process. The study therefore sought to establish the respondents' views on barriers that influence strategy implementation in large supermarkets in Kenya. The results are as presented in table 4.8.

Table 4.8: Barriers to Strategy Implementation

BARRIERS TO STRATEGY IMPLEMENTATION		NO.	Mean Score	SD
1	Organization's structure should be aligned with the strategy	16	3.60	0.68
2	Employees who are not properly involved in the strategy formulation may lead to poor strategy implementation	17	4.79	0.49
3	Complex strategy is difficult to implement	18	4.44	0.20
4	A poor strategy implementation may be referred to weak leadership	17	3.58	0.47
5	Strategy implementation may fail due to lack of financial resources	18	4.68	0.79
6	Strategy Implementation should be aligned to the organization's culture – shared values	18	3.46	0.41
7	A poor strategy may be referred to poor measurement and control systems' mechanisms	17	3.82	0.99
8	Government policies and regulations	18	4.69	0.43
9	Inadequate rewards and incentives to staff	18	3.33	0.38
10	Elaborate implementation stages	17	3.61	0.60
Average Score		17	4.0	0.54

Source: primary data

The finding in the above table 4.8 indicates majority of respondents strongly agreed that employees who are not properly involved in strategy formulation and or implementation may lead to poor strategy implementation. This was supported by a calculated 4.79 mean and 0.49 standard deviation which indicates homogeneity in responses made. The respondents also agreed to greater extent that government policies and regulations would lead to strategy implementation failure. These were supported by 4.69 mean and 0.43 standard deviation.

This is consistent with Gallagher (2002) who argued that engagement basis in the interaction among and between firm leaders and firm employees process of decision-making should be clearly expressed. Gallagher (2002) uses the concept of a 'ladder of decision making' in explaining responsibilities at various participation levels. The said ladder provides vision and a theoretical representation that helps elucidate role of participants and or players in the process of decision making.

4.9: Factor Analysis on the critical success factors for Firm Performance

In order to reduce and classify the above factors into meaningfully functional categories, factor analysis of the factors deemed important for the study. Preliminary analysis was first conducted to determine whether factor analysis is appropriate. Appendix III presents the Pearson's correlation coefficient between all pairs of questions on success factors.

As shown in the table, none of the correlation coefficients is extremely large (all <0.9) and none of the significance values are >0.05 . The determinant listed at the bottom of the table is 0.0005271 which is larger than the essential value of 0.00001. Thus multicollinearity is not a problem for the data. In other words, all the questions in Section B of the questionnaire (performance Success Factors) correlate very well and no high correlation coefficients. All questions and their responses were be retained at this stage.

The table 4.9 shows the Kaiser-Meyer-Olkin Sampling Adequacy measure and Bartlett Sphericity Test.

Table 4.9: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.930
Bartlett's Test of Sphericity	Approx Chi-Square	19334.492
	Df	18
	Sig	.000

Source: Primary Data

The KMO statistic is 0.930, indicating that the sum of the partial correlations is small relative to the sum of the correlations, an indicator of non-diffusion in the pattern of the correlations. In other words, the pattern of the correlations is relatively compact and so factor analysis should yield distinct and reliable factors. Table 4.10 lists the Eigen values associated with the linear component (factor) before extraction, after extraction and after rotation.

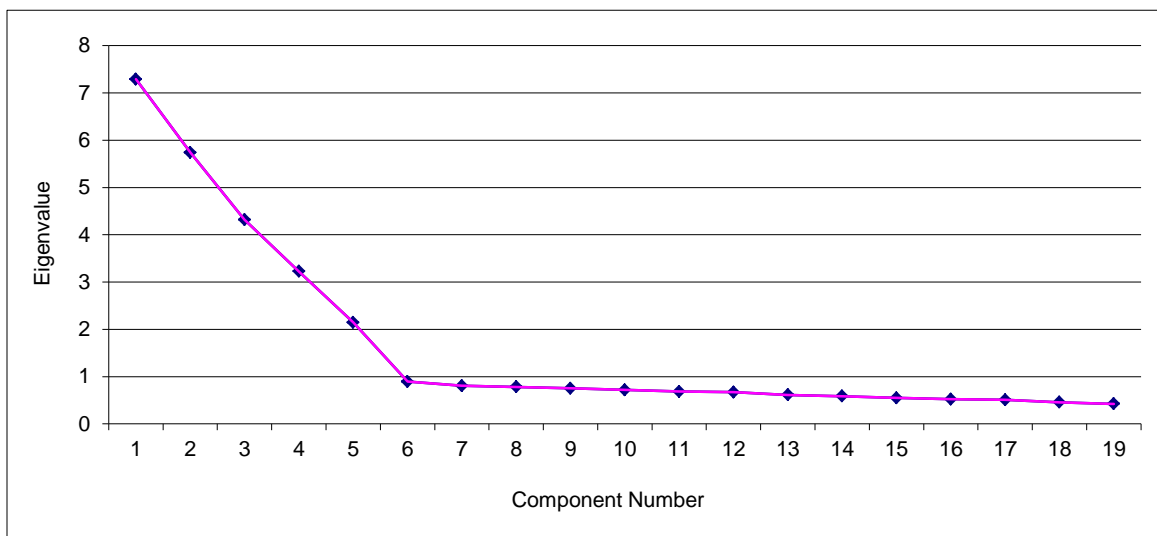
Table 4.10: Factor extraction

component	initial Eigen value			extractions sums of squares			rotations sum of squares		
	total	% of variance	cumulative %	loadings			loadings		
				Total	% of variance	cumulative %	total	% of variance	cumulative %
1	7.29	23.01%	23.01%	7.29	23.01%	23.01%	7.11	22.44%	22.44%
2	5.739	18.11%	41.12%	5.739	18.11%	41.12%	5.70	17.99%	40.43%
3	4.317	13.63%	54.75%	4.317	13.63%	54.75%	4.11	12.97%	53.40%
4	3.227	10.19%	64.93%	3.227	10.19%	64.93%	3.36	10.61%	64.01%
5	2.145	6.77%	71.70%						
6	0.895	2.82%	74.53%						
7	0.806	2.54%	77.07%						
8	0.783	2.47%	79.54%						
9	0.751	2.37%	81.91%						
10	0.717	2.26%	84.18%						
11	0.684	2.16%	86.34%						
12	0.67	2.11%	88.45%						
13	0.612	1.93%	90.38%						
14	0.587	1.85%	92.24%						
15	0.549	1.73%	93.97%						
16	0.523	1.65%	95.62%						
17	0.508	1.60%	97.22%						
18	0.456	1.44%	98.66%						
19	0.424	1.34%	100.00%						

Source: Primary Data

As shown, 20 linear components were identified. The Eigen value associated with each factor represents the variance explained by the particular linear component. Factor one explains 23.01% of total variance. Factors with Eigen values greater than one were then extracted, leaving only 4 factors. The Eigen values and the percentage of variance explained associated with the extracted and rotated factors are displayed. It is notable that rotation optimizes and equalizes the factor structure as shown. For instance, before rotation, factor 1 accounted for considerable more variance than the remaining three, however after the extraction it accounts for only 22.44% of variance compared to the rest. Figure 4.4 presents the scree plot with a pointer to the point of inflexion on the curve. This confirms the choice of four factors as extracted by the PCA

Figure 4.4: Scree plot



Source: Primary Data

Table 4.11: Varimax Factor Rotation

	Fact or 1	Fact or 2	Facto r 3	Factor 4
Items				
Factor 1: Strategy Adoption				
Use of latest technology	0.79	0.17	0.22	0.17
Cost cutting strategies	0.84	0.08	0.18	0.23
Business process automation	0.80	0.16	0.018	0.25
Staff reduction	0.85	0.13	0.17	0.23
Offering loyalty programs	0.75	0.12	0.08	0.13
Factor 2: Mckinsey's 7s Framework				
Support of key groups and other professionals	0.17	0.81	0.14	0.13
Attitude of leadership towards the strategy being implemented	0.24	0.74	0.15	0.31
Sufficient support from Top management	0.22	0.84	0.13	0.09
Efficient feedback mechanisms	0.32	0.77	0.25	0.17
Employees' belief in the vision and mission of the organization	0.24	0.67	0.18	0.28
Factor 3: Drivers to strategy implementation				
Culture remains an important consideration in the implementation of any strategy in the organization	0.15	0.25	0.81	0.11
The structure of the organization often dictates the way strategy is implemented	0.20	0.19	0.78	0.23
Effective leadership is a plus in strategy implementation	0.21	0.16	0.76	0.29
Factor 4: Barriers				
Organization's structure should be aligned with the strategy	0.14	0.22	0.23	0.79
Complex strategy is difficult to implement	0.28	0.26	0.18	0.71
Strategy implementation may fail due to lack of financial resources	0.33	0.14	0.24	0.74

Source: Primary Data

As shown there are 5 factors. The variables uniquely load very highly onto a single factor. The indicators/ variables that loaded very highly on factor one appears to all relate to performance cross-functionality. Factor analysis has thus found that cross-functionality of the strategy adoption, McKinsey 7s Framework, Drivers to strategy Implementation and barriers to strategy implementation as the success factors for firm performance. The following brief discussion presents the rationale for these four factors being critical to the success of firms.

Factor 1: Strategy Adoption

The concept of strategy adoption provided an explanation on why some firms with very different approaches to their industry could succeed while others that followed similar approaches were not equally successful (Hamermesh, 1983). The element of strategy adoption refers to the actions that a company plans in response to or in anticipation of changes in its external environment, its customers, and its competitors (Waterman et al, 1980). Most organizations adopt various strategies to achieve competitive advantage and survival. Application of latest technology, cost cutting strategies and business process automation are some of the main strategies large supermarkets in Kenya adopt and have very critical influence on firm performance.

Factor 2: McKinsey's 7s Framework

Several academic authors have adopted McKinsey's 7S Model as a useful way of visualizing the key components managers must consider when disseminating a strategy throughout their organizations (DeKluyver, 2000; Pearce & Robinson, 1997; Wheelen &

Hunger, 1995; Jauch & Glueck, 1998). The strengths of the McKinsey's 7S Model are its description of organizational variables that convey obvious importance, its recognition of the importance of the interrelationships among all the seven variables, and its generic form makes it applicable to all types of firms. The model can be used to help identify which elements need to be realigned to improve the performance the supermarkets.

Factor 3: Drivers of Strategy Implementation

Jones (2008) suggests that organization will be successful only when all members of the organization stand together to support the strategy implementation. Merchant and Van Der Stede (2007) adds that it is about understanding strategy, if the employees are ready for strategy implementation and if they are capable of implementing the strategy. The management of the supermarkets need to understand the critical factors that have greater influence on the success of strategies to be implemented. Organization's staff, structure, systems and leadership style are some of the critical factors that need to be aligned to achieve success of the strategy implementation process.

Factor 4: Barriers to Strategy Implementation

According to Fortuin (2007) 70 percent of the Chief Executive Officers did not fail because of poor strategy, but due to poor strategy execution. Implementing strategy might be very difficult if the structure of the strategy is very complex or if it is large as it makes monitoring and controlling processes to be confusing to the implementers and additional resources to succeed. Lewis et al. (2001) emphasize on the delaying effect the internal and external stakeholders can have upon the implementation of a strategy, especially

within a Non-Profit Organizations. Several factors such as complex decision making process, inaccurate measurement tools, leadership style that does not involve all key groups required in the strategy implementation may impede the implementation process.

4.10: Regression Analysis

Multiple regression analysis was used to measure the relationship between strategy, structure, system, staff, style, skills and shared value and firm performance. Another regression analysis was used to measure the relationship between strategy adoption, McKinsey's 7S framework, barriers to strategy implementation and drivers of strategy implementation and with performance. Table 4.12a presents the model summary of how the predictors affect firm performance.

Table 4.12a: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.868 ^a	.753	.721	.0909809	2.001

Source: Primary Data

- a. Predictors: (Constant), strategy, structure, system, staff, style, skills and shared value
- b. Dependent Variable: Firm Performance

Table 4.12a presents a correlation coefficient of 0.868 and determination coefficients of 0.753. This depicts a strong relationship between firm performance and the independent variables. Thus, strategy, structure, system, staff, style, skills and shared value account for 75.3% of the variations in firm performance.

Analysis of Variance (ANOVA) was used to test the significance of relation that exists between variables; thus, model's significance. The ANOVA results are presented in Table 4.12b

Table 4.12b: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.238	7	.034	615.760	.000b
Residual	.002	10	.000		
Total	.240	17			

Source: Primary Data

- a. Dependent Variable: Firm Performance
- b. Predictors: (Constant), strategy, structure, system, staff, style, skills and shared value

The ANOVA results presented in Table 4.12b shows that the regression model has a margin of error of $p < .001$. This indicates that the model has a probability of less than 0.1 thus, it is statistically significant.

Table 4.12c shows that the regression coefficients of independent variables. The following regression model was established:

Table 4.12c: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.039	.061		.635	.528
Strategy	.311	.000	.020	2.797	.024
Structure	.892	.005	.044	3.425	.013
System	.239	.001	.034	42.865	.000
Staff	.631	.000	.034	5.428	.003
Style	.412	.001	.021	2.697	.024
Skills	.532	.002	.024	3.512	.013
Shared Value	.438	.001	.014	36.065	.000

Source: Primary Data

a. Dependent Variable: Firm performance

$$\text{Firm performance} = 0.039 + 0.311 * \text{Strategy} + 0.892 * \text{structure} + 0.239 * \text{system} + 0.631 * \text{staff} + 0.412 * \text{style} + 0.532 * \text{skills} + 0.438 * \text{shared value} + e$$

From the equation, the study found that holding strategy, structure, system, staff, style, skills and shared value at zero firm performance is calculated at 0.039. The study established that holding strategy, system, staff, style, skills and shared value constant, a unit increase in structure would lead to a 0.892 increase in firm performance. However, when strategy, structure, staff, style, skills and shared value are constant, a unit increase in system would lead to a 0.239 increase in firm performance. The study thus concluded that structure had the highest level of impact on enhancing performance of the large supermarkets in Kenya while system had the lowest.

Table 4.13a presents the model summary of how the predictors affect firm performance.

Table 4.13a: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.921 ^a	.848	.821	.0909809	2.001

Source: Primary Data

a. Predictors: (Constant), Strategy adoption, McKinsey 7s framework, Drivers to strategy Implementation, barriers to strategy implementation

b. Dependent Variable: Firm Performance

Table 4.13a presents a correlation coefficient of 0.921 and determination coefficients of 0.848. This depicts a strong relationship between firm performance and the independent variables. Thus, strategy adoption, McKinsey's 7S framework, drivers and barriers to strategy implementation account for 84.8% of the variations in firm performance.

Analysis of Variance (ANOVA) was used to test the significance of relation exists between variables; thus, model's significance. The ANOVA results are presented in Table 4.13b.

Table 4.13b: Analysis of Variance (ANOVA)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.136	4	.034	615.760	.000b
Residual	.003	13	.000		
Total	.139	17			

Source: Primary Data

a. Dependent Variable: Firm Performance

b. Predictors: (Constant), Strategy adoption, McKinsey 7s framework, Drivers to strategy Implementation, barriers to strategy implementation

The ANOVA results presented in Table 4.13b shows that the regression model has a margin of error of $p < .001$. This indicates that the model has a probability of less than 0.1 thus, it is statistically significant.

Table 4.11c shows that the regression coefficients of independent variables. The following regression model was established:

Table 4.13c: Regression Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.039	.061		.635	.528
Strategy Adoption	.311	.000	.020	2.797	.024
McKinsey's 7S framework	.892	.005	.044	3.425	.013
Drivers to strategy Implementation	.239	.001	.034	42.865	.000
Barriers to strategy Implementation	.631	.005	-.044	3.425	.013

Source: Primary Data

a. Dependent Variable: Firm performance

$$\text{Firm performance} = 0.039 + 0.311 * \text{Strategy Adoption} + 0.892 * \text{McKinsey 7S Framework} + 0.239 * \text{Drivers of strategy implementation} + 0.631 * \text{Barriers to strategy Implementation} + e$$

From the equation, the study found that holding strategy adoption, McKinsey 7S framework, drivers to strategy implementation and barriers to strategy implementation at zero firm performance is calculated at 0.039. The study established that holding strategy adoption, drivers to strategy implementation and barriers to strategy implementation constant, a unit increase in McKinsey 7s framework would lead to a 0.892 increase in

firm performance. Additionally, when Strategy Adoption, McKinsey 7s framework and barriers to strategy implementation are constant, a unit increase in drivers to strategy implementation would lead to a 0.239 increase in firm performance. The study concluded that McKinsey's 7S framework is critical for the success of strategy implementation to achieve higher performance.

The study established that all the McKinsey's 7S are statistically significant as they all have a probability of less than 0.1. The study also established that the McKinsey's 7S elements have positive influence on firm performance, with the highest being structure while system being the lowest. The findings corroborate with Geiger et al (2006) who argued that organizational structure is generally accepted as a fundamental part of effective strategy implementation.

The study further established that strategy adoption, McKinsey's 7S framework, drivers of strategy implementation and barriers to strategy implementation are statistically significant and have a positive influence on firm performance, with the highest being McKinsey's 7S model and the lowest being drivers to strategy implementation. The findings agree with several authors who have adopted McKinsey's 7S model as a useful way of visualizing the key components managers must consider when disseminating a strategy throughout their organizations (DeKluyver, 2000; Pearson & Robinson, 1997; Wheelen & Hunger, 1995; Jauch & Gleck, 1998).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the findings summary on the relationship between strategy implementation of McKinsey's 7S Framework and performance of large supermarkets in Nairobi. The chapter also provides study conclusion(s), study recommendations and makes further research suggestions.

5.2 Summary of Findings

This section discusses the summary of the research findings. It has four subsections.

5.2.1 McKinsey 7s Framework

Considering importance the framework the study sought to establish whether supermarkets have integrated the concept in order to realize their objectives. The respondents believed to a large extent that simple, clear, and easily understood strategies lead to the success of process of implementing strategy. Similarly the respondents indicated that the strategies employed are compatible with the organization's vision and mission to a large extent. Furthermore it was also established that the respondents believed that concise implementation stages and timeline also lead to the success of process of strategy implementation. The researcher also noted respondents were involved in strategy formulation to a large extent.

The study also undertook to investigate whether organizational structure among supermarkets influence their performance. The findings most of the respondents indicated that there was clear integration and coordination mechanisms in the organization. However to a less extend the respondents agreed that the supermarket organization structure was simple. This might imply that most of the decision is not entirely made by the leaders of the organization. It was also crucial for the study to understand the procedures and processes by which business routinely performs daily tasks i.e. systems at which supermarkets are run. The study found that the supermarkets had an open system which allowed free flow of information between the departments/ branches within the organization to a large extent.

Further it was established that supermarkets monitored to a large extend the implementation of strategy effectiveness. In addition respondents further agree to moderate extend that supermarkets had measurement and control mechanisms which have allowed them to gauge their level of progress and find ways of improving operations as compared to their competitors furthermore the respondents agreed to moderately that the ICT system assists their strategy implementation process.

The study also aimed to investigate extend which the department believes staff would influence the success of strategy implementation process. The respondents agreed to a very large extent that good working relationship within members of the team lead to the process of strategy implementation being termed successful. Respondents believed to a great extent that employee level of education and experience of organization staff would

lead to the success of strategy implementation process. In addition it was established that respondents believed to a large extent that availability of multi-disciplinary team involved in implementation led to success of the process. It was also noted that respondents believed to a very large extent that availability of relevant skills and competences within the staff lead to the success of strategy implementation process. Finally, researcher established that the firm shared values impacted success of strategy implementation process as well as employee's awareness of the strategy being implemented lead to the success of strategy implementation process.

A correlation coefficient of 0.868 and determination coefficients of 0.753 was achieved by testing the relationship between McKinsey's 7S and firm performance. This depicts a strong association between supermarket performance and independent variables. Thus, independent variables account for 75.3% of the variations in firm performance.

5.2.2 Strategy Adoption

The study sought to establish the extent at which supermarkets have adopted different strategies to survive in an environment with looming competition. It was found that most of the supermarkets have been opening more branches in strategic locations. The findings corroborate with Walters (2011) who argued that business location puts into consideration a number of tips. The tips involve well thought out and special attention of the population and the potential firm clients conditions and needs. Most of respondents also mentioned that supermarkets have embraced use of latest technology to a large extent.

Additionally the respondents cited that supermarkets have also employed cost cutting strategies to a large extent. This findings supports Innes, John, Mitchell and Sinclair (2000) assertion that survival for any company is three-prong involving essentially how to manage product or service cost, quality afforded, and performance achieved. Further the study also noted that the supermarkets do branding of some of the products, offers customer care services and do staff trainings and development. It was also found that most of the supermarkets do staff reduction to a moderate extent which might be attributed to an initiative by the supermarkets to cut operational cost.

5.2.3 Drivers of Strategy Implementation

The study also investigated extend at which drivers of strategy implementation influence supermarkets' performance. The findings indicated that respondents strongly agreed that supportive systems e.g. monitoring, control, and communication systems support strategy implementation is effective parts of strategy implementation process. They also strongly agreed that success of strategy implementation lies on the firm's ability to rapidly transform learning into action. Additionally they also strongly agreed that culture is a vital ingredient in any organizational strategy implementation. Further the respondents also agreed that adequate and prompt resources allocation and support of the Shareholders/ Directors are key drivers of strategy implementation. The study also established that adequate planning of the strategy implementation process is paramount for successful strategy implementation. Finally it was found that for successful strategy implementation companies are deemed to ensure that the strategy to be implemented must be well understood by all participants and effectively communicated.

5.2.4 Barriers to Strategy Implementation

The study also sought to establish the respondents' views on barriers that influence strategy implementation in Kenyan supermarkets. The finding indicated that most respondents strongly agreed that employees who are not properly involved in the strategy formulation and implementation may lead to poor strategy implementation. Which is consistent with Gallagher (2002) who argued that decision making engagement between leaders and their employees' dos and don'ts ought to be well thought and laid out within certain limits and firm conditions. Gallagher also used the concept of a 'ladder of decision making' in explaining responsibilities at various participation levels. The ladder depicts the vision and guiding construct helping elucidate role of process participants or players. In addition the respondents also strongly agreed that government policies and regulations. However the respondents were neutral on whether inadequate rewards and incentives to staff would affect strategy implementation. Finally it was established that most of the respondents indicated strategy implementation may fail due to lack of financial resources.

5.3 Conclusion

The researcher concludes that based on the stated findings above adoption of McKinsey's 7S framework would lead to the success of strategy implementation process to a very large extent and thereby lead to improved firm performance. Furthermore the study concluded that organizational structure of the supermarkets influences its performance. However the respondents support to less extend supermarket organization structure was simple. It was also concluded that open system allows free flow of information between the departments/ branches within the organization to a large extent, while supermarkets

with measurement and control mechanisms allowed them to gauge their level of progress and find ways of improving operations as compared to their competitors.

The study also concluded that employee level of education, experience of organization staff, availability of relevant skills and competences, availability of multi-disciplinary team involved in the strategy, and good working relationship within members of the team would lead to the success of strategy implementation process. However the study also concluded that government policies and regulations were barriers to effective implementation of strategy. This could be attributed to constraints associated with the regulations such as unfavorable tax regimes that restrict the supermarkets from further expansion.

5.4 Implications of Research Findings

The study findings showed that supermarkets need to use their resources optimally to achieve competitive advantage. Also, supermarkets should rapidly transform their capabilities into action to basically exist in very dynamic competitive setting. McKinsey's 7S framework proved to be of great importance in strategy implementation in order to achieve desired performance. The findings help build on the body of knowledge base specifically resource-based view and dynamic capabilities (of strategic management).

The findings showed that government regulations and policies impact to a great extent strategy implementation which is directly related to firm performance. The study

provides invaluable insights to policy makers and retail industry regulators so as to be aware of the extent to which policies and regulations impact performance of the supermarkets. The study also established the various strategies adopted by supermarkets, drivers and barriers to strategy implementation, impact of McKinsey's 7S framework on strategy implementation and how they relate to performance of the supermarkets. The findings would impact how managers and investors seek to run the supermarkets to achieve sustainable competitive advantage.

5.5 Limitations of the Study

The researcher used subjective measurement to measure the variables which allows the respondents to exercise judgment on different situations. The method is however subject to biases based on factors such as emotional state of the respondents, past experience or uncertainty of the outcome.

The variables analyzed were limited to McKinsey's 7S, drivers and barriers to strategy implementation and how they impact on firm performance. There are other variables such as financial and market variables, behavioral and sociological measures, individual staff output, unit client service cost and cost per service provided which can also be used. The researcher used cross-sectional survey which allows for one point in time data and not taking into consideration other different time frame and also making it difficult to make causal inference. The design is likely to suffer prevalence-incidence bias in case longer-lasting analysis is required.

5.6 Suggestion for Further Study

The study scope was limited to the responses of leaders and managers of large supermarkets in Nairobi, Kenya. Expansion or widening of this scope by future researchers to bring on board and include small medium supermarkets, other entities such as financial institutions and Government organizations. Further, new Firm performance factors may emerge in the long run as the environment characteristics and turbulence changes and evolves due to varied reasons among them regulatory changes, internal firm changes, technological advancements, to name a few. The researcher therefore suggests for further research incorporating these said factors and their changes.

Longitudinal studies might also be undertaken to more clearly investigate and establish the cause and effect associations between the main variables in this study. Further, multivariate statistical analysis could be undertaken or conducted to identify those variables having intervening and or moderating effects in the relationship between the determinants of strategy implementation and firm performance.

It is strongly recommended that confirmatory factor analysis be conducted for any future studies when larger based samples can be obtained. Overall, despite the aforementioned limitations, significant contribution is made by our study in empirically testing causes of organization performance. Further research will shed more light on the long-term implications of strategy adoption and implementation and its effectiveness on performance.

REFERENCES

- Aaltonen, P. & Ikävalko, H. (2002). *Implementing strategies successfully*. Integrated Manufacturing Systems, 13(6), 415-418.
- Agarwal, R. & Audretsch, D. (2001). "Does entry matter? The impact of the life cycle and technology of firm survival". *The Journal of Industrial Economics*, 49 (1) 21-43.
- Alexander, L.D. (1985). *Successfully Implementing Strategic Decisions: Long Range Planning*. (8) 91-97.
- Allio, M.K. (2005). A Short, Practical Guide to Implementing Strategy. *Journal of Business Strategy*, 26 (4), 12-21.
- Alonso R., Dessen W., Matouschek N. 2008. "When does Coordination Require Centralization?" *American Economic Review*, 98(1): 145-179.
- Aosa, E. (1992). *An empirical Investigation of Aspects of Strategic Formulation and Implementation within Large Private Manufacturing Companies in Kenya*, Unpublished PHD Thesis, University of Strathclyde UK.
- Barney, J. & Clark, D. N. (2007). *Resource - based theory, Creating and Sustaining Competitive Advantage*: London: Oxford University Press.
- Barney, J. (1986). Strategic Factor Markets: *Expectations, Luck & Business Strategy*. *Management Science*, 32 (10) 1231–1241.
- Beer, M. & Eisenstat, R. (2000). *The silent killers of strategy implementation and learning*. *Sloan Management Review*, 14(4), 29-40.
- Bell, J. (1993). *How to complete your research project successfully*. New Delhi: UBSPD publishers Distributors Ltd.
- Brahma, S.S. Chakraborty, H. (2011). From Industry to Firm Resources: Resource-Based View of Competitive Advantage. *The IUP Journal of Business Strategy*, VIII, 16.
- Burke, W. W. and Litwin, G. H. (1992). A causal model of organizational performance and change. *Journal of Management*, 18 (3) 523-545.
- Cater, T., & Pucko, D. (2010). Factors of effective strategy implementation: Empirical evidence from Slovenian business practice. *Journal for East European Management Studies*, 15(3), 207.

- Cooper, D.R. & Schildler, P.S. (2006). *Business Research Methods (9th ed.)*. New York: MC-Graw Hill/ Irwin.
- De Kluyver, Cornelis A. (2000). *Strategic Thinking: An Executive Perspective*. Prentice Hall, 51-52.
- Ebrahim M. A. Abdullahi K. A. & Faudaiah H. B. (2014) The measurements of firm performance's dimensions. *Asian Journal of Finance and Accounting* 2014.Vol.6 No.1.
- Geiger, S.W., Ritchie, W. J., Marlin, D. (2006). Strategy/Structure Fit and Firm Performance. *Strategy & Leadership*, 33 (3) 41-46, 2005.
- Grant, R.M. (2010). *Contemporary Strategy Analysis Text and Cases*. Chichester: John Wiley & Sons Ltd.
- Hamermesh, Richard G. (1983). *Strategic Management*. John Wiley and Sons, Inc.
- Hayden P., Lee S., McMahon K. and Pereira M. (2002), Walmart: Staying on top of the fortune 500. A case study on Walmart stores Inc. Corporate and Public Affairs lecture. *The graduate school of political management*, George Washington University.
- Hrebiniak, L. G. (2006). Obstacles to Effective Strategy Implementation, *Organizational Dynamics*, 35 (2) 12-31.
- Hutchinson, M. and Gull, F. (2004). Investment opportunity set, corporate governance practices, and firm performance. *Journal of Corporate Finance* 10(1), 595-614.
- Juliana B. S. & Luiz A. L. B (2012). Towards a subjective measurement model for firm performance. *Brazilian Administration Review*, Rio de Janeiro, Vol 1; 95-117.
- Kakabadse, N., Kakabadse, A. (2000). Critical review-outsourcing: A paradigm shift. *Journal Management Develop.* 19 (6), 670 – 728.
- Kaplan, R. S. (2005). How the Balanced Scorecard Compliments the McKinsey 7'S Model. *Strategy and Leadership*. 33(3), 44-6.
- Ketokivi, M. A. and Schroeder, R. G. (2004). Perceptual measures of performance: fact or fiction? *Journal of Operations Management*, 22 (3), 247-264.

- Kothari, C. (2004) *Research Methodology (2nd ed.)*. New Age International Ltd.
- Krejcie, R.V. & Morgan, D.W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*. 30 (2), 607-610.
- Lee, F., T. Lee., Wu.W. (2010). The relationship between human resource management practices, evidence from steel industry in Taiwan. *The International Journal Human Resource Management: concepts and cases*. Practice Hall: Canada.
- Lewis, L. K., Hamel, S. A., Richardson, B. K. (2001). *Communicating Change to Nonprofit management*. 2 (4), 1351 – 1372.
- Martins, E. & Terblanche, F. (2003). "Building Organizational Culture that Stimulates Creativity and Innovation". *European Journal of Innovation Management*, 6 (1), 64–74.
- Matemalas R. L. and Ramos M. S. (2009). An analysis of supermarket pricing: the case of selected supermarkets in Gaborone, Botswana. *Journal of Management Research* 2016, Vol. 8. No. 2
- Mugenda, M.O. & Mugenda. G. A. (2003). *Research Methods: Quantitative and Qualitative Approaches*. Laba Graphics Services.
- Neely, A. (1999). "The performance measurement revolution: why now and what next? " *International Journal of Operations & Production Management* 19(2), 205-228.
- Neilson, G. L. and Pasternack, B. A. (2005). *Results: Keep what's Good, Fix What's Wrong, and Unlock Great Performance*. The Crown Publishing Company.
- Nobble, C. H. (1999). The Eclectic Roots of Strategy Implementation Research. *Journal of Business Research*, 45 (5), 119 –134.
- Pearce, J.A. and Robinson David FR. (2009), Ed. Strategic Jr.RB. (2005). *Strategic management: formulation, implication, and control*. 9thEd. Boston, MA: McGraw-Hill Irwin.
- Pearce, J.A. and Robinson, R.B. (1997). *Strategic Management: Formulation, Implementation and Control*. Irwin McGraw Hill, Boston, USA.
- Pearce. J. A. and Robinson, B.R. (2002). *Strategic Management: Formulation and Implementation*. (3rded.). Irwin.

- Pitelis, C. (2005). Edith Penrose, *Organizational Economics and Business Strategy: An Assessment and Extension*. Managerial and Decisions Economics, 26,67–82.
- Rexhepi P. (2012). “How multinational companies implement cost strategies at air live and retail – supermarket in Albania”. Unpublished PhD thesis, Kings College London.
- Sanchez, R. (2001). "*Building blocks for strategy theory: Resources, dynamic capabilities, and Competences*", 143-157 in *Rethinking Strategy*, H. W. Volberda and T. Elfring, editors, London: Sage Publications.
- Sorooshian, S., Norzima, Z., Yusof, I., Rosnah, Y. (2010). Effect Analysis on Strategy Implementation Drivers. *World Applied Sciences Journal*.11, 1255 – 1261.
- Stone, M. M., Bigelow, B., Crittenden, W. (1999). Research on strategic management in nonprofit organizations. *Administration and Society*. 31 (3), 378 – 423.
- Thompson A. A. and Strickland A. J. (2003). *Strategic Management: Concepts and Cases*. McGraw – Hill: New York, NY.
- Waggoner d., Needy A. & Kennerley, M. (1999).The Forces that shape organizational performance measurement systems. *A interdisciplinary review, international journal of production economics*, 60-61, 53 – 60.
- Walters S. 2011b. *Retail store location important factors – Tips for choosing a location*. [Online]. Available:http://retail.about.com/od/location/a/selecting_site_2.htm?p=1 [Accessed 15 April 2011]
- Waterman, R. H. Peters, T.J. and Phillips, J. R. (1980). Structure is not organization. *Business Horizons*. 23, (3) 14-26.
- Wheeler, T. L. and Hunger, D. J. (1989). *Strategic Management and Business Policy*. Third Edition. Addison Wesley Publishing Company, 32-50.

APPENDICES

Appendix I: Research Questionnaire

This questionnaire is designed to collect data from managerial staff among large supermarkets in Nairobi- Kenya on the strategy implementation of McKinsey's 7s and performance of the supermarkets in Nairobi- Kenya.

PART A: INDIVIDUAL BIO DATA

Tick (✓) as appropriately

1. Gender Male Female

2. Age (years)

20-30 31-40 41-50 51-60 Above 60

3. Highest Level of Academic qualification

Certificate Diploma Bachelors Master PhD

4. What is your current position at the supermarket?

Manager Head of Department CEO

5. How many years have you worked at the current position in this supermarket?

0-5 years

6-10 years

11-15 years

Over 15 years

PART B: ORGANIZATIONAL DATA

6. How many years has the business been in operation.....

7. How many outlets/ branches does your organization have.....

8. How many trained staff does your organization have to facilitate strategy implementation.....

PART C: CONCEPT OF STRATEGY

To what extent has your firm adopted the following strategic options in response to changes in the market?

Use the scale of 1 – 5 with; *1 – Not at all, 2 – Less, 3 –Moderate, 4 – Large and 5 – Very target*

STRATEGIES ADOPTED		5	4	3	2	1
1	Use of latest technology					
2	Cost cutting strategies					
3	Business process automation					
4	Staff reduction					
5	Offering loyalty programs					
6	Customer care services					
7	Increased advertising					
8	Opening more branches in strategic locations					
9	Branding of some of the products					
10	Staff training and development					

State any other strategies adopted by your firm in response to changes in the market

.....

.....

PART D: MCKINSEY’S 7S FRAMEWORK

Use the key provided to appropriately Tick the extent to which the department believes would lead to the success of strategy implementation process

Key:

1-Not at all, 2-Less, 3-Moderate, 4-Large, and 5-Very Large

MCKINSEY’S 7S FRAMEWORK		5	4	3	2	1
STRATEGY						
1	Involvement in the strategy formulation					
2	Simple, clear, and easily understood strategies					
3	Concise implementation stages and timeline					
4	The strategy is compatible with the organization’s vision and mission					
STRUCTURE						
1	Clear integration and coordination mechanisms					
2	Job allocation and authority to do those jobs					
3	Simple organization structure					
4	Decentralized decision making process					
SYSTEM						
1	Availability of measurement and control mechanisms					
2	ICT system to assist in strategy implementation					
3	Monitoring the effectiveness of strategy implementation					
4	Open system i.e. free flow of information between the departments/ branches within the organization					
STAFF						
1	Sufficient number of employees to facilitate the implementation process					
2	Level of education and experience of organization staff					
3	Availability of multi-disciplinary team involved in the strategy implementation					

MCKINSEY'S 7S FRAMEWORK		5	4	3	2	1
4	Good working relationship within members of the team					
STYLE						
1	Support of key groups and other professionals					
2	Attitude of leadership towards the strategy being implemented					
3	Sufficient support from Top management					
4	Leadership style that allows those involved in strategy implementation to participate freely					
SKILLS						
1	Efficient feedback mechanisms					
2	Availability of relevant skills and competences within the staff					
3	Availability and allocation of financial resources					
4	Availability of sufficient ways of developing skills					
SHARED VALUES						
1	Employees' belief in the vision and mission of the organization					
2	The organization's culture and ability to change					
3	Employee's awareness of the strategy being implemented					
4	The strategy is supported by the prevailing local/national culture					

PART E: DRIVERS OF STRATEGY IMPLEMENTATION

Tick appropriately to the extent you agree with the below statements on drivers of strategy implementation?

Using a scale of 1-5 where; 1- Disagree strongly; 2-Disagree; 3-Neutral; 4-Agree; and 5-Agree strongly

DRIVERS OF STRATEGY IMPLEMENTATION		5	4	3	2	1
1	Culture is a key factor to consider in the strategy implementation process					
2	The structure of the organization often dictates the way strategy is implemented					
3	Effective leadership is a plus in strategy implementation					
4	Supportive systems e.g. monitoring, control, and communication systems support strategy implementation					
5	The success of strategy implementation lies on the firm's ability to rapidly transform learning into action					
6	Effective strategy implementation requires competent employees' participation and support					
7	The strategy to be implemented must be well understood by all participants and effectively communicated					
8	Adequate and prompt resources allocation					
9	Support of the Shareholders/ Directors					
10	Adequate planning of the strategy implementation process					

PART F: BARRIERS TO STRATEGY IMPLEMENTATION

Tick accordingly to the extent you agree with the below statements of barriers to strategy implementation?

On a scale of 1-5 where; 1-Disagree strongly; 2-Disagree; 3-Neutral; 4-Agree; and 5-Agree strongly

BARRIERS TO STRATEGY IMPLEMENTATION		5	4	3	2	1
1	Organization's structure should be aligned with the strategy					
2	Employees who are not properly involved in the strategy formulation and implementation may lead to poor strategy implementation					
3	Complex strategy is difficult to implement					
4	A poor strategy implementation may be referred to weak leadership					
5	Strategy implementation may fail due to lack of financial resources					
6	Strategy implementation should be aligned to the organization's culture- shared values					
7	A poor strategy implementation may be referred to poor measurement and control systems/ mechanisms					
8	Government policies and regulations					
9	Inadequate rewards and incentives to staff					
10	Elaborate implementation stages					

PART G: FIRM PERFORMANCE

Use the key provided to appropriately Tick the extent to which a successfully implemented strategy determines the following dimensions

Key:

1-Not at all, 2-Less, 3-Moderate, 4-Large, and 5-Very large

FIRM PERFORMANCE		5	4	3	2	1
1	Profitability					
2	Growth of the organization e.g. opening more branches					
3	Customer satisfaction					
4	Employee satisfaction					
5	Improved internal business processes					
6	Environmental performance e.g. complying with environmental and safety standards.					
7	Social performance e.g. organization's image as perceived by the public					
8	Efficiency (example: improved service delivery)					
9	Effectiveness (example: waste reduction, optimum stock maintenance)					
10	Customer retention					

State any other success determinants of strategy implementation process in your opinion

.....

Appendix II: List of Large Supermarkets in Nairobi, Kenya.

	SUPERMARKET	NO. OF BRANCHES
1	Eastmatt Ltd	9
2	Maathai Supermarket Ltd	7
3	Naivas Supermarket Ltd	19
4	Nakumatt Holdings Ltd	59
5	Tusker mattresses Ltd	51
6	Uchumi Holdings Ltd	24
7	Ukwala Supermarket Ltd (Choppies Kenya Ltd)	10

Appendix III: Correlation Matrix of BPR Success Factors

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18	Q19	Q20
Correlation Q1	1.00	-.90	.10	.42	.43	.305	.19	.15	-.12	.37	.305	-.41	.32	.21	.50	.36	-.61	-.16	.37	.37
Q2	-.09	1.00	-.34	-.12	.25	.33	.23	.12	-.32	-.12	-.09	.03	-.34	-.12	-.20	-.19	.34	-.32	-.12	-.12
Q3	-.34	.32	1.00	-.38	-.56	-.09	.45	.62	-.36	.20	-.34	.32	0.26	-.38	-.16	.34	.25	-.36	.20	.20
Q4	.44	.43	.305	1.00	.09	.43	.21	.37	-.61	.34	.44	.43	.305	.04	.305	.35	.50	-.61	.34	.34
Q5	.40	.25	.33	.40	1.00	.44	.35	-.16	-.17	-.19	.40	.25	.33	.40	-.19	.26	.37	-.17	-.19	-.19
Q6	.22	-.56	-.09	.28	.18	1.00	.21	.305	-.24	-.17	.22	-.56	-.09	.28	-.35	.40	.37	-.24	-.17	-.17
Q7	.305	-.32	.21	.50	.34	.22	1.00	.33	.23	-.16	.31	-.32	.21	.50	-.13	.31	-.19	.23	-.16	-.16
Q8	.33	-.12	.36	.37	.37	.07	.05	1.00	.29	.47	.29	.25	.33	.23	-.20	-.19	.21	-.10	.04	.47
Q9	-.09	-.32	.34	.37	-.09	1.00	-.34	-.12	1.00	.17	.38	-.56	-.09	.45	.37	-.16	-.13	.31	-.05	.17
Q10	.21	-.36	-.20	-.19	-.34	.32	1.00	-.38	-.10	1.00	.41	.09	.43	.21	.37	.305	-.41	.32	-.06	1.00
Q11	.36	-.61	-.16	.34	.44	.43	.305	1.00	-.08		1.00	.22	.15	.49	-.19	.33	-.32	.09	-.06	
Q12	.34	-.17	.305	.35	.40	.25	.33	.40	-.34	.32	.17	1.00	.16	.23	.21	-.26	-.42	.03	-.09	.32
Q13	.25	-.24	-.19	.26	.22	-.56	-.09	.28	.44	.43	.31	.27	1.00	-.03	-.03	.43	.47	-.10	-.04	.43
Q14	.50	-.20	-.35	.40	.305	-.32	.21	.50	.40	.25	.33	.19	.23	1.00		-.06	-.19	-.61	-.16	.25
Q15	.37	-.16	-.13	.31	-.09	.28	.18	.305	-.41	-.56	-.09	.28	.34	.15	1.00	.03	.34	-.17	.305	-.56
Q16	.37	.305	-.41	.32	.21	.50	.34	.33	-.32	-.32	.21	.50	.305	.33	.51	1.00	.35	-.24	-.19	-.32
Q17	-.19	.33	-.32	.09	.36	.37	.37	-.26	-.42	-.12	.36	.37	.33	.40	.19	.02	1.00	-.05	-.07	-.12
Q18	.21	-.26	-.42	.03	.34	.37	-.09	-.37	.27	.43	.16	.19	-.09	.28	.01	.06	.51	1.00	.23	.43
Q19	-.10	-.15	.15	.42	.14	.16	.28	-.33	-.20	-.35	.40	.305	-.32	.21	.09	.05	-.21	-.39	1.00	-.35
Q20	.22	-.56	-.09	.28	.18	1.00	.21	.305	-.24	-.17	.22	-.56	-.09	.28	-.35	.40	.37	-.24	-.17	-.17
Sig (1-tailed) Q1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q2		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q3		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q4		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q5		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q6		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q7		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q8		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q9		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Q10		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q11		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q12		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q13		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q14		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q15		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q16		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q17		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q18		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q19		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Q20		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Determinant =
5.271E-04

Source: Primary Data

