

**STRATEGY IMPLEMENTATION AND PERFORMANCE OF SMALL-SCALE
ENTERPRISES OPERATING AT KANGEMI HARAMBEE MARKET IN NAIROBI,
KENYA**

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DECLARATION

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

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ABSTRACT

The aim of this study was to determine the impact of strategy implementation on organizational performance of small-scale enterprises at Kangemi Harambee Market in Nairobi, Kenya. The study was guided by the Strategic Cognitive theory, Kurt Lewin's theory and Expectancy theory. Descriptive design was used with a target population of 656 small-scale enterprises' business owners at Kangemi Harambee Market in Nairobi, Kenya. A sample size of 248 respondents was used as derived by the Yamane formula and through the method of stratified sampling. Primary data was gathered using structured questionnaires. Data was analyzed through content analysis for qualitative data and statistical package was used for analysis of quantitative data and presented by charts and tables. The study established that the implementation of set strategies contributes to increased customer base through acquisition of new customers and having repeat customers. Strategy implementation was found to positively influence the quality of services offered to customers and contributed favourably towards profitability of small scale enterprises through increased sales. The study recommends that small-scale enterprises' personnel be well equipped with formal training on strategy planning and implementation and put an emphasis on the need for a dynamic learning environment to enable implementation of plans which facilitate a long term sustainable improvement in performance of small-scale enterprises. Further research is recommended on the effect of knowledge management on strategy implementation among the small-scale enterprises in Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Markides (2004) views a firm's strategy as being the action plan of the management to run the firm and carry out all operations therein. Ramesh (2011) defines strategy implementation as being the execution of a strategy that has been formulated through resource mobilization and staff motivation to support the process. On the other hand, performance is viewed as being the variant used to measure the functioning of the firm through the common benchmark of profitability (Porter, 1981). The parameters used to define performance entail: organizational productivity, firm effectiveness and employee motivation to support (Fwaya, 2006).

This study was based on the expectancy theory, strategic cognition theory and the Industrial Organization Economics theory. These theories are meant to bridge the gap between strategic implementation, expectations and overall performance results of small-scale enterprises. The expectancy theory was propounded by Vroom (1964) and argues that suitable organizational performance will lead into high valued benefits. According to the Industrial Organization Economics theory propounded by Porter (1981) and later Hoskisson *et al.* (1999) argues that the industry or market structure determines a firm's conduct which in turn determines performance. Within strategic management, the conduct of the firm is its strategy, which if effectively and successfully implemented will enhance a firm's competitive advance, hence its performance (Farjoun, 2002).

Kangemi Harambee Market consists of mainly micro and small scale enterprises, many that have existed for a long time without showing any potential signs of growth. The dwindled growth may be explained by the lack of or ineffective strategy implementation. This view is supported by Zagotta and Robinson (2002) who recognize the fact that dwindled growth is

positively related to ineffective strategy implementation. Hrebiniak (2006) further compounds that winning strategies are losers if not well implemented and that for a strategy to be amicably executed, there must be a disciplined process and a logical linkage of activities.

1.1.1 The Concept of Strategy

It is of greater importance to gauge from all the spheres the concept of strategy before embarking on strategy implementation.. The term strategy draws its origin from the military into its usage in business. It has been coined from 'strategia', a Greek word that means 'generalship.' The context of strategy involves arranging different military personnel in such a way that they are deployed in varied and unique locations where they can overcome the enemy with ease. It is in this way that the military personnel use varied tactics to win against the enemy and therefore the tactics used are referred to as strategies. Hart (1967) investigated the concept of strategy from battles and wars point of view from the ancient times of the Greeks all the way until the emergence of World War II. The study concluded that definition of strategy as highlighted by Clausewitz is "the act of the employing battles as a way of gaining the object of war" which is seriously flawed meaning that strategy in this view forces policy implementation and proposes that the only channel of attaining strategic objective is through battle.

Strategies which are well drawn and therefore implemented make not only individuals but also organizations to be able to counter their enemies with ease as it builds a competitive advantage which the enemies might not have advanced on. Carter and Pucko (2010) after contrasting on the differences between strategy formulation and implementation conclude that many organizations fail to implement formulated strategies and out of the total 100% population of strategic plans available to many organizations, between 60 and 80 of them are never implemented.

As Williamson and Williams (2011) detail, many firms have opted for the adoption of strategic management practices which entail: differentiation, diversification and focus strategies in order to overcome competitive pressures in their industries. The various strategic management practices common among contemporary firms are: practices to do with hiring of employees, practices on job descriptions, practices on career management, practices on the management of technology as well as practices to do with training programs (Murphy, 2003).

1.1.2 Small-scale Enterprises

A small- scale enterprise refers to an organization which yields a total turnover of between 5,00,000 and 5,000,000per annum (Muguni, 2011). Many small scale enterprises are either involved in manufacturing, commerce or service. Small scale enterprises display a set of distinct characteristics that help identify them These include low startup capital, few number of employees and minimal legal requirements.

The International Finance Corporation (2011) identifies such challenges as low innovative power, inadequate management training and experience, inability to adapt to technological changes, inadequate education and skills, poor infrastructure, poor communication and lack of credit facilities' access as hindering the stability of these enterprises.

Small scale enterprises as defined by the micro and small enterprises Act 2012,define the small scale enterprises and are renown as being the avenue of many start up entrepreneurs who seek to move from the survivalist level to fully independent financial breakthroughs. According to the International Finance Corporation (2011), the sector is estimated to employ over 2.3 million people.

1.1.3 Organizational Performance

Lebens and Euske (2016) view performance as both non financial and financial determinants offering vital insights on goal attainment as measured by the end results over the prevailing

objectives. The researchers view performance as being dynamic and that requires judgement and interpretation to such judgements. The researchers further illustrated performance by use of a causal relationship describing the behaviour of current actions as affecting the results of the future.

Organizational performances refers to evaluation of a organizational performance with respect to objectives and goals of the company. To measure organizational performance, 3 metrics are analyzed: Financial performance, market share and also shareholder return. Pierre et al. (2009) highlight that while evaluating performance of an organization, three dimensions are always considered namely: shareholder return, product market performance and financial performance.

Firm performance is widely referred to as a a tool of measuring effectiveness and efficiency of any corporation. Over time, the term has had various views. For instance, in the 50's the term organizational performance was defined with reference to occupation, human capital as well as firm structure (Georgopoulos & Tannenbaum, 1957). In the 60s and 70s, the view of the environment in defining performance was established as organizational performance being the firm ability to utilize the environment so as to take advantage of its scarcewealth (Yuchtman & Seashore, 1967). The idea of goal realization was included in the definition of organizational performance and hence the idea of efficiency and effectiveness being incorporated (Lusthaus & Adrien, 1998).

Murphy, Hill and Trailer (1996) carried out an investigation with the aim of establishing the factors used to evaluate and estimate performance of an organization in entrepreneurship study from the year 1987 to 1993. From their study, they discovered 51 published articles in American Journal of Small Business, Strategic Management Journal, Academy of Management Journal, Entrepreneurship Theory & Practice, and Journal of Business Venturing that particularly used organizational performance as a outcome variable. Consequently, the

study findings revealed that the dimensions used to evaluate organizational performance did not show a sense of consistency among organizations explicitly the newly established firms. Additionally, the study established that mostly, the only performance dimension that was adopted was primarily financial as opposed to operational.

In a research done by Gavrea *et al.* (2011) on the determinants of firms' performance in Romania, they sought to create a model that would evaluate the Romanian manufacturing companies in terms of the way they operated and their performance. The researchers believed that continuous improvement was the window to grow and progress in the organization. They further elucidated that it was vital to know the determinants of organizational performance in order to determine the ones which were relevant to the immediate case. The study established that for firms to improve their performance, they first needed to improve their best practices.

Iravo *et al.* (2013) attributed the study of organizational performance drivers to the big questions on why some organizations prosper while others are failing in the same industry, same market and same time. This question is vital as the core aim of business is to make profit and secondly, to maximize shareholders' wealth. The measures of performance then come in as a crucial perspective to determining organizational productivity using financial projections. The researchers asserts that the measures of performance include the criterion perception, the normative perception, learning perception, management development perception and the leadership skills perception. The researchers further assert that organizational performance depends on the strong cultural beliefs and core values formulated to guide its performance prospects.

1.1.4 Kangemi Harambee Market

Micro and Small Enterprise Act 2012 attributes the definition of small scale enterprises to incorporate organizations whose total per annum turnover is between 500, 000 and 5, 000, 000 and employs between 0 to 50 employees. According to the Kangemi harambee market association, Kangemi market started its operations as early as 2001. Kangemi Harambee association was initiated in 2013. Kangemi market is in the informal sector and is governed by the Nairobi county government laws. There are so far 656 registered Small scale enterprises with the Kangemi Harambee Market Association as per the association's records. Kangemi Harambee market is composed of many small-scale enterprises that are more or less densely located. The small scale firms in this market contribute equitably to economic development of Kenya as do other markets through provision of ready products and services, technological transfers, employment creation and cultural interactions. The Kangemi Harambee market's enterprises among other small-scale enterprises in Kenya have been recognized as being the greatest contributors to the successful growth and development of Kenya and Africa as a whole and the eventual transformation of the continent from developing to developed status (Hope, 2009).

Gichuki, Njeru and Tirimba (2014) revealed that one of the problems that small and micro enterprises face in Kangemi Harambee Market in strategy implementation is credit access. According to these researchers, implementation of strategy is affected by inadequacy of financial resources and leaves many micro and small enterprises static to growth. According to Gichuki *et al.* (2014), in Kangemi Harambee Market there are a total of 656 registered micro and small enterprises in the market and whose services range from clothing, shoe vending, poultry vending, green groceries vending, saloon business and food vending.

1.2 Research Problem

Once a strategy has been formulated, it's imperative that it should be properly implemented for the fruits of such a strategy to be replicated to the entire organization. Lares-Mankki (2014) argues that strategy implementation relationship should be linear to that of strategy formulation such that as soon as a strategy is formulated within the firm, it should move to the stage of implementation and appropriate resources allocated to ensure success of the process. Even the most superior of strategies is pronounced useless when it is not able to be implemented in time and within its budgeted expenditure (Gekonge, 2009). The process involved in making strategies that have been formulated is more cumbersome and tedious as compared to that of formulating them (Johnson & Scholes, 2013). Since strategy implementation is directly related to overall performance it is in vain for firms to continue operating without setting and implementing both functional and business strategies.

Records from the economy survey, Kenya National Bureau of Statistics (2007), indicate that for every fiscal year, more than half of enterprises operating in Kenya fail within their first four months of operation while from those that are lucky to reach their fifth year have 80% chances of failing. Kangemi Harambee Market faces similar challenges wherein, in a market constituting of a majority of micro and small enterprises with minimal or no ability to grow, the next likely result is failure. Many firms in this market face declined profitability, high turnover rates, low financing prospects and ineffective strategy implementation (Gichuki et al., 2014) With proper strategy implementation, micro and small enterprises at Kangemi's Harambee market can experience positive growth and increased profitability which can lead to their survival and stability in the ever competitive market. This view is proposed by Hitt *et al.* (2007) who notes that proper strategy implementation puts companies on the competitive edge and raises their performance.

Various studies in this area include Hrebiniak (2006) who researched on the obstacles to strategy implementation and management, Lares-Mankki (2014) who assessed strategy implementation bottlenecks affecting strategy implementation, Anyieni (2014) assessed the influence of strategic planning implementation in the small businesses in Kenya, Kidombo (2014) assessed strategic planning among small and medium enterprises in Nairobi county as well among others. All these studies concentrated on strategy formulation and partly on strategy implementation but did not disseminate the drivers of strategy implementation how they affect performance of micro and small enterprises. This study attempted to fill this research gap by determining the impact of strategy implementation on the performance of small-scale enterprises at Kangemi Harambee market in Nairobi, Kenya.

1.3 Research Objective

The objective of this study was to determine the impact of strategy implementation on the performance of small-scale enterprises at Kangemi Harambee Market in Nairobi, Kenya.

1.4 Value of the Study

This study is of great benefit small-scale business traders. The study helps the Kangemi Harambee Market traders to understand and appreciate the importance of strategy implementation. By appropriate use of rightful strategy implementation drivers, small scale businesses benefit from increased organizational profitability and growth prospects which are vital for the firms to attain competitive edge and eventually market leadership positions.

The study provides an important source of empirical literature which will act as reference material to academicians and scholars in the same vein of research. In addition to provision of literature for research work, potential researchers would derive their topics from this work by assessing the study gaps and also recommendations for further researches.

Further, the study is of great substance to policy makers and other decision makers within the SME sector. The study provides vital knowledge on strategy implementation which can assist the policy makers and other decision makers within the market gain insights to the introduction of the same in the domain of firms operating within the market in order for them to be more competitive and highly performing.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter covers the theoretical foundation, literature on strategy implementation and organizational performance and the summary of empirical literature and research gaps. The chapter further discusses three theories supported by literature, namely: the strategic cognitive theory, expectancy theory and the Kurt Lewin's theory.

2.2 Theoretical Foundations

This section focuses on the theories upon which the study is based. Three theories, supported by literature, are discussed in this section. These are; the strategic cognitive theory, expectancy theory and the Kurt Lewin's theory. The study is anchored on the cognitive theory as it directly describes change motives and steps and whose understanding is critical for the effective implementation of strategy.

2.2.1 Strategic Cognitive Theory

The two major perspectives of focus on the strategic cognitive theory in this research are: the social cognitive perspective and the strategic cognitive perspective. The theory of social cognition was first developed by (Bandura, 1977). The theory focuses wholly on observable behaviour and cognitive processes. According to this theory, people learn from one another through such ways such as observation, modeling and imitation (Bandura, 1977). According to Bandura, the theory encompasses attention, motivation and memory.

Strategic cognition theory is traced to have originated from the work of Hodgkinson and Thomas (1997) who sought to capture the cognitive thought in reference to strategic management. According to Porac and Thomas (2002), the main focus of strategic cognitive

theory is on the interdependence between decision processes inherent in strategic management and cognitive structures with due reference to strategy formulation and implementation. Strategic cognitive theory's main focus is on the cognitive representativeness of the external and internal environment the firm is operating in. The role played by cognitive biases and heuristics is also acknowledgement.

The strategic cognitive theory is relevant for this study as it explains strategy implementation and organizational performance with reference to the learning perspective which is vital since for all members of staff to support the process of strategic implementation, they must at first learn it either by observation, modeling, imitation or a combination of them as asserted (Bandura, 1977). Also, the strategic cognitive theory clarifies further that cognitive structures needs to be understood well for the entire strategic management process, which encompasses strategy implementation, to be a success. Through the understanding of this theory, human and other resources can be generated appropriately to ensure successful strategy implementation and hence high performance realization in the small-scale enterprises at Kangemi's Harambee Market in Nairobi, Kenya.

2.2.2 Kurt Lewin's Change Theory

Kurt Lewin change theory was advanced by Lewin (1958) to explain change aspects within the organization. It explains three main stages of change: unfreeze, change and refreeze. The theory offers direction with regards to the steps required in introducing a new idea within the organization and basically, the steps involved for the implementation to be a success. The unfreezing stage is the first stage according to the theory which commences by altering the status quo and thus changing the present behaviour, perspectives and attitudes in the organization (Armstrong, 2006). This first stage seeks to enlighten organizational members on the need for change within the organization so as to ensure successful implementation of new

ideas, strategies included by reducing possible resistances. This can be viewed as the first stage in the wider implementation process.

The second stage is the freezing or change stage wherein the actual transition is incorporated in the organization (Schreyogg & Noss, 2000). This can be said to be the second step in strategy implementation which seeks to have the new strategy brought to operation with the unlimited support of management in promoting employee adjustment and commitment to the entire process. The third stage and which is the final stage in implementation of any strategy is that of refreezing which aims at ensuring new strategies last to the end of times (Cummings & Worley, 2001).

This theory applies to this study as it brings out three key steps which should be followed in the organizations to ensure success in the process of strategy implementation. The model demonstrates possible factors that can inhibit or promote successful implementation of new change which in this case is the new strategies (Robbins, 2005). Success is definitely positive increment in performance which and hence the importance of the theory in explaining the link between organizational performance and strategy implementation of small-scale enterprises at Kangemi's Harambee Market in Nairobi, Kenya.

2.2.3 Expectancy Theory

The expectancy theory was first developed by Vroom (1964) and focused on the work settings. The theory was later refined and expanded by Porter and Lawler (1968) among others. The additional aspects are intrinsic and extrinsic rewards and ability and perception. This theory is based on four main assumptions: humans join organizations with expectations regarding their varied needs, human behaviour results out of consciousness

choices, human capital expect getting varied things from the organizations they work for and finally, humans choose among alternatives when optimizing their personal outcomes (Vroom, 1964).

This theory has three main elements: expectancy element, instrumentality element and the valence element. Motivation to accomplish a task depends on an individual's belief that his or her effort will result in expected performance, the surety that the expected performance achieved will be rewarded and belief that the rewards will be highly positive. The expectancy element goes hand in hand with the resulting expected performance; the instrumentality element is explained by the surety of such performance being rewarded whereas the valence element is portrayed by the knowledge that such award will be highly positive and hence motivating (Greenberg, 2011).

This theory applies to this study in explaining the behaviour of human capital which is a vital aspect in success of strategy implementation process. Some employees may curtail the process out of their selfish needs and hence expectations, some out of their choices and some in order to optimize their individual interests as opposed to those of their organizations (McShane & Glinow, 2011).

2.3 Strategy Implementation Parameters

The process of strategy implementation encompasses the conversion of business strategies to final results. Awino *et al.* (2012) attributes the lack of appropriate strategies to failure in strategic implementation process. Hrebiniak (2013) argues that many managers have the knowledge on how to come up with winning strategies but lack the knowledge on how those strategies can be implemented. Verweire (2014) established five root causes of poor strategy implementation: overconcentration on financials during strategy discussions, substitution of

functional strategies to business strategies, too fragmented strategy implementation process, failure of management to focus on actioning strategies and the lack of effective leadership in strategic implementation process.

Rowe *et al.* (2001) highlight that the decisions that leaders come up with that are pragmatic and systematic in designing organizations, marshaling resources, motivating workers, controlling activities and solving problems. In respect to Hitt *et al.* (2007) the major role of efficient and operational leadership in strategic process rests at the uppermost, explicitly with the top management for instance the chief executive officer (CEO).

A study by Lehner (2004) investigated the main types of strategy implementation tactics that management uses in making planned changes within the organization. In conducting this research, the study profiled a total of 91 case studies. The study established that there was 100% positive results when executives applied the intervention tactic, 42% success from the use of persuasion tactic, 17% success from the use of participation tactic and 43% success rate by the usage of edict tactic. From this study, it can be acknowledged that intervention tactic is most suitable for implementation followed by edict tactic, then persuasion tactic and finally the participative tactic. However, a combination of this can yield optimal results as compared to their individual usage.

Bourgeois and Brodwin (2014) assessed different processes applicable in the advancement of strategy implementation. The processes entail: change model, crecive model, commander model, collaborative model and the cultural model. The study established that the commander model addressed only the strategic position of the firm which is a major concern of the CEO and other top executives involved in long-term planning and executions. The collaborative model concerns itself with senior level group decisions to ensure commitment in the

formulation process. Cultural model involved strategy implementation through corporate culture while the crecive model involved management inclinations to developing new opportunities in the routine management of the firm.

Brinkschröder (2014) researched on the main challenges facing the process of strategy implementation. Among the challenges he identified were: communication barriers, subsidiary rivalry, lack of proper direction and support in the implementation process and the lack of proper understanding on the overall aims of such strategic implementation. It is of no second thought that employees must be engaged in implementation of a strategic plan for it to be successful.

Sorooshian *et al.* (2010) argues that strategy formulation and implementation processes cannot be achieved by the help of senior management alone but by the efforts of internal employees, external suppliers and external distributors where applicable. The researchers further assert that the culture, values and beliefs of all stakeholders are fundamental considerations for the process of strategy implementation to emerge successful. The researchers insist that formulation and implementation of strategy are one and the same thing and isolating one means isolating the other as well.

2.4 Strategy Implementation and Performance

Kotler *et al.* (2001) view strategy implementation as being a crucial strategic planning process component which addresses the questions regarding the who, where, when, and how to conduct firm activities in a prosperous manner with the main objective of attaining positive firm results in terms of performance.

Brown (2005) on his part asserts that it is a complex task to implement strategies than even formulating such strategies as the implementation of strategies requires not only commitment of resources but time and relevant skills as well. It is therefore important to note than

organizational change is a crucial component that becomes even more eminent when it comes to strategy implementation. Failure by firms to identify, diagnose and mitigate losses amounts to organizational failure (Harris & Ogbonna, 2000).

David (2003) argues that total involvement, both for employees and managers, coupled with adequate communication is vital for any organization to attain effective strategy implementation. Every organization must take into good consideration its policies, resource base, objectives, vision, mission as well as the core values for it to have the capacity of effectively implement its strategic plans, manage change and attain overall high performance in the industry they are operating.

Brown (2005) established a positive relationship between organizational performance and strategic consensus. David (2003) further argue that organizational strategies should be aligned to the organizational culture for them to be successful in enhancement of positive organizational performance and to remain objective to their already set vision and mission. By doing this, organizational performance would be boosted and employees would be working as per their constancy to purpose.

2.5 Summary of Empirical Literature and Research Gaps

The empirical study on strategy implementation recognized the different strategy implementation tactics such as the edict tactic, intervention tactic and the participative tactic as highlighted by (Lehner, 2004). Bourgeois and Brodwin (2014) assessed different processes applicable in the advancement of strategy implementation as including the change model, crecive model, commander model, collaborative model and the cultural model. Sashittal and The summary of empirical literature and gaps is as shown in the table 2.1 below:

Table 2. 1: Summary of Empirical Literature

	Author	Title	Methodology	Findings	Gaps
1	Brown (2005)	When Executives Speak, We Should Listen and Act Uniquely, in Marketing Renaissance: Imperatives and Opportunities for Enhancing Marketing Concept, Infrastructure and Practice	Secondary data review	Availability of a positive link and association between strategic consensus and organizational performance.	Concentrated most on business failure leaving business opportunities less researched
2	Sorooshian et al. (2010)	Impact Analysis on Drivers of Strategy Implementation	Case study	Strategy formulation and implementation processes cannot be achieved by the help of senior management alone but by the efforts of internal employees, external suppliers and external distributors where applicable	The impact of other concepts of performance dimensions and strategic management, for example impact of the drivers on performance
3	Awino et al. (2012)	Total competitive advantage and quality of firms in the horticultural industry in Kenya.	Descriptive analysis using secondary data.	lack of appropriate strategies resulted to failure in strategic implementation process in the horticultural industry	The study relied on the horticultural sector leaving the other sectors/industries with gaps in research

	Author	Title	Methodology	Findings	Gaps
4	Hrebiniak (2013)	Obstacles to Effective Strategy Implementation	Descriptive research design using secondary data	Many managers have the knowledge on how to come up with winning strategies but lack the knowledge on how those strategies can be implemented	Study largely focuses on obstacles and thereby leaving strengths and opportunities grey
5	Lehner (2013)	Relationship between the techniques of implementation of strategic planing and performance.	Case study	Intervention strategy is most suitable for implementation followed by edict strategy and finally the participative strategy	Study relied on invidual strategy other than a combination of the various strategy which could yield more results
6	Bourgeois and Brodwin (2014)	Implementation of Strategic measures: Five ways of achieving an elusive phenomenon	The study embraced an explanatory design and secondary data sources	Commander model addressed only the strategic position of the firm, change model's main emphasis was on the structure, compensation plan and control systems, collaborative model concerns itself with senior management, cultural model involved corporate culture while the crescive model involved routine management decisions	Study appears to be judgemental as it predetermines 5 factors to affect strategy implementation and therefore doesn't reflect on the effect of other more factors which might affect strategy implementation

	Author	Title	Methodology	Findings	Gaps
7	Brinkschröder (2014)	Implementation of Strategy: Challenges, Key Factors and Possible Solutions.	Descriptive reserach design was adopted.	Found strategy implementation to be affected by communication barriers, subsidiary rivalry, improper direction & support in the implementation process & lack of proper understanding on the overall aims of such strategic implementation	This paper only included 5 interviews which was a small small sample size consequently reducing the power of the study and increases the margin of error

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter entails detailed discussion of the methodology that the study will incorporate in order to achieve the objectives of the study. The section will thus provide literature on specific areas including target population, research design, data collection techniques and data analysis processes.

3.2 Research Design

Mugenda and Mugenda (2010) defined research design as a tactical plan intended to provide a go away procedure used in statistical data collection, estimation and analysis of data whose preference is reliant on the phase to which information about the topic of study has highly advanced. Kothari (2004) highlight that descriptive designs help define what is predominant according to the problem of the study by informing the study on who, why, where, how and when the study variables occurred.

This type of design informed this study by explaining the relationship between implementation of a strategic plan and organizational performance of SMEs in Kangemi Harambee Market in Nairobi Kenya. The design has also been acknowledged by Mugenda and Mugenda (2010) as being ideal in helping respondents feel freer to give information, determine and give report of the status quo with ability to describe such things such as character, behavior patterns, attitudes and values where applicable.

3.3 Target Population of the Study

The study's target population was 656 micro and small enterprises' business owners at Kangemi Harambee Market in Nairobi, Kenya. This population size was derived from the Kangemi market welfare Association that there are a total of 656 registered small-scale

enterprises at Kangemi Harambee Market. The welfare association reported that there are a total of 193 green groceries vendors, 357 clothing and shoes vendors in total, 39 food vendors, 20 saloons, 25 cereal vendors and 22 poultry vendors in the market. The information regarding the target population is presented in table 3.1:

Table 3.1: Target Population of the Study

Nature of Business	Population
Green Groceries	193
Clothing and Shoe Vendors	357
Food vendors	39
Saloons	20
Cereal vendors	25
Poultry vendors	22
Total	656

3.4. Sample Size

The Yamane (1967) Formula for calculating sample size was be adapted. A 95% confidence interval level and $p=.5$ are assumed. The formula is as follows;

$$n = N / 1 + N(e)^2$$

Where:

n : sample size

N : Population size

e : Error margin/ Margin of error

By applying the formula:

$$n = 656 / 1 + 656(0.05)^2$$

$$= 248 \text{ Respondents}$$

Stratified purposeful sampling approach was applied to select vendors from the diverse classification after which simple random sampling technique were applied to the vendors on the day of data collection. The sample size for this study was 248 respondents as shown in the table 3.2:

Table 3.2:Sample Size

Nature of Business	Population	Sample Size
Green Groceries	193	75
Clothing and Shoe Vendors	357	135
Food vendors	39	15
Saloons	20	7
Cereal vendors	25	8
Poultry vendors	22	8
Total	656	248

3.5Data Collection Methods

The study used questionnaires as the main tool for data collection. The questionnaires were semi-structured and contained different sections i.e. section I which contains the background information questions and section II which contains information pertaining different variables which were investigated by the study. Likert scale questions were adopted for use in the questionnaires which enabled gathering of more information on the unique variables under study.

The questionnaires were administered by aid of trained research assistants. The researcher obtained a letter from the university as permission to do research as well as permission from other relevant authorities within the Kangemi Harambee Market in Nairobi, Kenya. The

research assistants also wererequired to explain the questionnaire requirements to the respondents, guide them where necessary when filling the questionnaire and interpret to them questions which could not be well understood. The study issued a total of 248 questionnaires to respondents. The respondents were also assured of their confidentiality for the information they provided and that the information collected was used only for research purposes only.

3.6 Data Analysis and Presentation

The study used SPSS version 21.0 to analyze data and which was done statistically using the mean, standard deviation, percentage method among others. The qualitative data was analyzed by content analysis. Analyzed data was later presented in the form of figures and charts and with relevant description of each finding narrated as evidenced in the subsequent chapter 4.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION.

4.1 Introduction

This chapter captures study results, interpretation, and presentation of the results obtained from the study. It presents the background information of the respondents, findings of the analysis based on the objective of the study; to determine the effect of strategy implementation on the performance of small-scale enterprises at Kangemi Harambee Market in Nairobi, Kenya.

4.2 Response Rate

This study was conducted over a sample size of 248 respondents. The relationship between variables was determined using statistical analysis using SPSS version 20.0. A total of 176 questionnaires were duly filled which is a representation of 71%. However, this response rate is regarded suitable to draw inferences and make conclusions on the study topic. In accordance with Mugenda & Mugenda (2003), a 50% rate of response is sufficient, 60% is regarded as good and whereas 70% and above is rated excellent.

4.2.1 Gender of respondents

The research study sought to find out the gender distribution of the respondents. From the study findings, the female were slightly above at 51.7% while the males at 48.3%. These findings reveal a fair engagement of male and female respondents which reveal that both gender were represented in this study.

4.2.2 Age group of Respondents

The study was interested in knowing the age distribution of the respondents to deduce the difference in opinion.

Table 4.1: Age group of respondents

	Frequency	Percent
Below 20 years	8	4.5
21-30 years	30	17.0
31-40 years	61	34.7
41-50 years	53	30.1
51-60 years	20	11.4
Over 60 years	4	2.3
Total	70	100.0

Source: Research Findings

The larger percentage of the respondents fell between the age brackets of 31 to 40 years at 34.7%, 30.1% were aged between 41 to 50 years, 17.0% were aged between 21 to 30 years, 11.4% were aged between 51 to 60 years, 4.5% were below 20 years while 2.3% were aged above 60 years. The information regarding the respondents' age depicts that majority of the working age group were represented in this study. It also depicts that most of the respondents are between the age of 31 and 50 years which is the expected working age group.

4.2.3 Education Information of Respondents

To be sure of the quality of the information given, the respondents in this study were asked to indicate their education level, and the response is portrayed in the table 4.2:

Table 4.2: Education Information of Respondents

	Frequency	Percent	Cumulative Percent
K.C.S.E and below	87	49.4	49.4
Certificate/Diploma	80	45.5	94.9
Bachelor's Degree	9	5.1	100.0
Total	176	100.0	

Source: Research Findings

An understanding of strategic management is important and the level of education provides an indication on the level of exposure to such concepts. It is clearly demonstrated from the findings that; the study indicated that 49.4 % of the respondents had attained a K.C.S.E qualifications, 45.5% had a certificate/diploma while 5.1% indicated they had attained a bachelor's degree. This information indicates that majority of the respondents, 94.9%, had the relevant education necessary to complete the questionnaire, but were unlikely to have had training on strategy implementation.

4.2.4 Number of years of operation

In this section, the respondents were asked to indicate the length in time the organization has been actively operating. Their response was as given in table 4.3.

Table 4.3: Total number of years in Business

	Number	Percentage	Cumilative Percentage
0-5 years	42	23.9	23.9
5-10 Years	86	48.9	72.7
Over 10 Years	48	27.3	100.0
Total	176	100.0	

Source: Research Findings

With regards to the total number of years of operation in Business, 23.9% respondents indicated that their business had been in operation for 0-5 years, 48.9% respondents indicated that their business had been in operation for 5-10 years, 27.3% respondents indicated over 3 years. This implied that majority of the respondents' businesses (5-10 years), had been operational for a considerable amount of time, which suggests they were resilient in ensuring the continuity of their businesses'.

4.2.5 Formal training on strategy of the future of business.

The study also found out if the respondents were equipped with any formal training on strategy of the future of their business. The research findings are presented in the table 4.4:

Table 4.4: Formal training on strategy of the future of business.

Opinion	Frequency	Percent	Cumulative Percent
Yes	55	31.3	31.3
NO	121	68.8	100
Total	176	100.0	

Source: Research data

The findings as shown above indicate that only 31.3% of the respondents were equipped with formal training on strategy of the future of their business while majority of the respondents at 68.8% needed formal training on strategy for the future of their businesses. This conforms to the finding that majority of the respondents, 94.9%, had only attained K.C.P.E and diploma level of education. Few respondents who indicated to have formal training, 31.3%, also had a bachelor's degree. This shows that very few of the respondents may be engaged in strategy issues in their businesses.

4.2.6 Business Operated

The study also sought to find out kind of business the respondents were operating. The findings are as illustrated in the table 4.5:

Table 4. 5: Type of Business

	Frequency	Percent	Cumulative Percent
Green Groceries	50	28.4	28.4
Clothing and Shoes	95	53.4	81.8
Food	11	6.3	88.1
Saloon	7	4.0	92.0
Cereal	8	5.1	97.2
Poultry	5	2.8	100
Total	176	100.0	

Source: Research data

The findings as shown above indicate that 28.4% of respondents operate green groceries,53.4% operated clothing businesses and shoes,6.3% operated food related enterprises,4.0% operated saloon businesses,5.1%operated cereals business while 2.8% operated poultry businesses. The findings above reveal that all the business entities were well represented purposely for this study which infers a well rounded approach to yield representative results.

4.2.7 Total Number of People Employed

Similarly, for quality and precise responses on the size of the firm, the researcher expressed interest on the number of people employed in the various businesses. The findings on the total number of people employed are as shown in the table 4.6:

Table 4.6: Total Number of People Employed

	Frequency	Percent	Cumulative Percent
None	97	55.1	55.1
1-10	73	41.5	96.6
11-20	6	3.4	100
Total	176	100.0	

Source: Research data

Most of the respondents at 55.1% indicated that they had no employees, 41.5% employed between 1-10 people while 3.4% employed between 11-20 people in their businesses. These findings reveal that majority of the businesses did not have employees. This implies that these businesses are run by sole proprietors' who may not apply formal strategic management concepts in their businesses.

4.2.8 Business Turnover.

In addition, the study opted to establish the approximate turnover range for the businesses.

The findings on the business turnover in Kenya shillings is as shown in the table 4.7:

Table 4.7: Approximate Turnover.

	Frequency	Percent	Cumulative Percent
Below Ksh. 50,000	65	36.9	36.9
Ksh.50,000-150,000	64	36.4	73.3
151,000-250,000	35	19.9	93.2
251,000-350,000	12	6.8	100
Total	176	100.0	

Source: Research data

From the findings of the study, it is illustrated that majority of the respondents at 36.9% had a turnover of below 50,000,36.4% had a turnover of between Ksh.50,000-150,000,19.9% had a turnover of between 151,000-250,000 while 6.8% of the respondents had a turnover of between 251,000-350,000. Majority of the businesses had a turnover of between 1-150,000 implying that their turnover is relatively low and they are unlikely to be involved in the formal strategy practices that may boost their income.

4.2.9 Hindrance to Strategy Implementation in Kangemi Harambee Market

The study also sought to find out the hindrance to strategy implementation in Kangemi market. The finding on the hindrance to strategy implementation is as shown in the table 4.8:.

Table 4.8: Hindrance to Strategy Implementation in Kangemi Harambee Market

	Frequency	Percent	Cumulative Percent
Lack of resources	54	30.7	30.7
Resistance to change	42	23.9	54.5
Lack of a dynamic learning environment	33	18.8	73.3
Legal Framework	40	22.7	96.0
Procrastination	7	4.0	100.0
Total	176	100.0	

Source: Research data

The majority of the respondents (30.7%) reported that lack of resources hinders implementation of plans process among micro and small firms in Kangemi Harambee Market.23.9% of the respondents also report that resistance to change was also be a hindrance to implementation of plans.22.7% of the respondents also report that legal framework was also a hindrance while 18.8% of respondents indicated lack of dynamic learning environment as a hindrance with only 4% of respondents indicating that procrastination as a hindrance to

the implementation of plans process among micro and small firms in Kangemi Harambee Market. This implies that lack of resources was the major hindrance which can imply that they do not have access to credit facilities. Resistance to change is also a major hindrance which could imply that the sole proprietors are not willing to adopt to the modern ways of running a business by applying strategic management concepts. Lack of a legal framework was also a hindrance to strategy implementation which could imply that the businesses did not see the need to apply it if it was not a legal requirement.

4.3 Strategy Implementation and Performance

The finding on strategy implementation and performance are as shown in the table 4.9:

Table 4.9: Statement in relation to strategy Implementation and Performance.

	N	Min	Max	Mean	Std. Dev
Effective implementation of set strategies contributes to increased customer base through acquisition of new customers and having repeat customers.	176	2	5	3.56	.805
Strategy implementation positively influences the quality of services we offer our customers.	176	1	5	3.67	.838
Effective implementation of plans is as a result of good leadership.	176	1	5	3.49	.907
Strategy implementation contributes to profitability of my business.	175	1	5	3.77	.800
Strategy implementation contributes to increased sales of my goods and services.	176	3	5	3.78	.750
Strategy implementation contributes to a high turnover in my business.	176	2	5	3.65	.862
Good strategy implementation enhances employee motivation of my workers.	176	2	6	3.67	.947
Strategy implementation contributes to low staff turnover in my business.	176	2	5	3.72	.799
Valid N	175				

The findings above reveal that implementation of set strategies contributes to increased customer base through acquisition of new customers and having repeat customers by a mean

of 3.56 and a standard deviation of 0.805. Strategy implementation was found to positively influence the quality of services offered by a mean = 3.67 and a standard deviation of 0.838.

Further, effective implementation of plans was established to be as a result of good leadership as backed by a mean value of 3.4 and a standard deviation of 0.907. Strategy implementation was found to contribute towards profitability of small scale enterprises, which was supported by a mean of 3.77 and a standard deviation of 0.800.

Strategy implementation was found to contribute towards increased sales of goods and services by a mean of 3.78 and a standard deviation of 0.750. Strategy implementation was also established to contribute towards high business turnover of income for small scale enterprises in Kangemi Harambee Market as supported by a mean value of 3.65 and a standard deviation of 0.862. Good strategy implementation was found to enhance employee motivation as supported by a mean of 3.67 and a standard deviation of 0.947. Strategy implementation was also found to contribute towards a low staff turnover as backed by a mean of 3.72 and a standard deviation of 0.799.

4.4 Discussion of results.

This section discussed the outcomes as per the findings. Inadequacy of resources has been found to be a major hindrance to strategy implementation by the traders at Kangemi Harambee market. The businesses have a low turnover which could be attributed to lack of access of credit facilities. Gichuki et al., (2014) in their study on problems that SMEs face in gaining access to credit facilities in Kangemi Harambee Market in Kenya, established that accessibility of credit services by micro and small enterprises is largely hindered by high interest rates laid on loans.

Resistance to change is another hindrance to strategy implementation. From the results, 23.9% of the respondents believe this is a factor that hinders implementation. This could be

attributed to the fact that most of the businesses are run by sole proprietors who are highly unlikely to be involved in strategy planning and implementation. Lagat (2014) in his study found that the main challenges to strategic implementation included resistance to change among others which conforms to the findings at Kangemi Harambee market.

Lack of legal framework was also revealed as a hindrance of strategy implementation in Kangemi Harambee market. Harper (1984) also highlight that responsible governments that engages in activities that are aimed at improving the status of small enterprises should first evaluate the effect of its programmes and policies on the small firms. Similarly, Mann et al (1989) suggested that government policies concerning licensing, taxation, wages, and others are amongst the necessary motives behind development of business under the informal sector. This concurs with the findings from the study at Kangemi Harambee market.

On lack of a dynamic learning environment, Majority of the respondents (68.8%) did not have formal training on strategy. The real managers or owner of small businesses establishes their own way of achieving effective management strategy, by employing a trial and error process (Anderson, 1993). It is for this reason that a dynamic learning environment is required for the success of the businesses.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter entails on presentation of the study summary of the findings. This chapter further draws conclusions from the findings and makes recommendations to various stakeholders and gives suggestions for further studies in conjunction with the specific objectives of this study.

5.2 Summary of the Findings

The general objective of the study was to determine the effect of strategy implementation on the performance of small-scale enterprises at Kangemi Harambee Market in Nairobi, Kenya.

The study found out that majority of the respondents were not equipped with formal training on action planning of the future of their business. Also, the study found out that lack of resources hinders implementation of plans and process among micro and small firms in Kangemi Harambee Market. Resistance to change was also brought out as a hindrance to implementation of plans. The findings indicate that lack of a legal framework can also be a hindrance whilst lack of a dynamic learning environment was also a contributing factor with a minority indicating procrastination as a hindrance to the implementation of plans process among micro and small firms in Kangemi Harambee Market.

The study revealed that implementation of set strategies and increase in performance of the firm contributes to increased customer base through acquisition of new customers and having repeat customers. The study also reveals that strategy implementation positively influences the quality of services hence an increased performance offered to customers. Effective implementation of plans is as a result of good leadership. Strategy implementation contributes to profitability of business hence an increase in performance. Strategy implementation contributes to an increased sale of goods and services which is a measure of the performance

of the firm. Strategy implementation contributes to a high turnover in business. Good strategy implementation enhances employee motivation of small-scale enterprise workers. Strategy implementation also contributes to low staff turnover in small-scale enterprise business.

5.3 Conclusion

With regard to the outcomes from the analysis and discussion, the study concluded that majority of the small-scale enterprises lack resources for the strategy implementation of their business. This implies that if the businesses can get access to resources, they would put in place strategic processes that would boost their income. Lack of a dynamic learning environment is also a hindrance to the implementation of plans process among micro and small firms in Kangemi Harambee Market. This implies that very few of the proprietors' in the market are engaged in strategy issues in their businesses. To a lesser extent, the study also concludes that lack resistance to change, legal framework hinders implementation of plans process among small scale enterprises.

The study also set out to determine the relationship between strategy implementation and performance. The study concludes that implementation of set strategies contributes to increased customer base through acquisition of new customers and having repeat customers. Strategy implementation positively influences the quality of services offered customers. The study revealed that effective implementation of plans is as a result of good leadership. Strategy implementation also contributes to profitability of business, increased sales of goods and services and a high turnover in business. Employee motivation of small-scale enterprise workers is also enhanced by good strategy implementation. Strategy implementation contributes to low staff turnover in small-scale enterprise business.

5.4 Recommendation

The study recommends for small scale enterprises to have an easier access to credit facilities from financial institutions without stringent terms and conditions which limit the resources the business have access to. The study also proposes for them to be well equipped with formal training by the government either through workshops and conferences on strategy formulation and implementation of the future of their business. The study further recommends the need for dynamic learning environment to enable implementation of plans process among small scale enterprises. Legal framework was found to significantly contribute towards performance of small-scale enterprises at Kangemi Harambee Market, regulators should therefore put more emphasis on the framework to ensure it promotes and develops the small-scale enterprises providing an enabling business environment. The framework should constitute the body of rules and laws that favors the growth and improved performance of small-scale enterprises at Kangemi Harambee Market in Nairobi which enables easy implementation of plans process among micro and small firms in Kangemi Harambee Market in Nairobi Kenya.

5.5 Limitations of the Study

This study found the limitations of scope, it covered only the study context of Kangemi Harambee in Nairobi County, Kenya. The study was also limited to by lack of secondary data which would have enhanced the study through review of documents like their financial statements.

5.6 Implication for Policy and Practice

This study adds value to the existing knowledge on the field of strategic management on the implementation of strategies and strategic aspects that should be considered to have the process of strategy implementation smooth and conclusive. The major contribution of the study on the Kangemii Harambee market is to note the findings of the study and appreciate the importance of strategy implementation which will consequently lead to profitability and growth. The

major contributions of this study is on policy change where the study articulates what needs to be done in order to have strategies implemented appropriately in a manner that firm objectives can be realized. These are easy access to credit facilities, creation of a dynamic learning environment and a legal framework.

5.7 Suggestions For Further Study

The study sought to examine the effect of strategy implementation on the performance of small-scale enterprises at Kangemi Harambee Market in Nairobi. The study suggests that future research should try to analyse the barriers to access of resources by small-scale enterprises in Nairobi and establish effect of a dynamic learning environment on strategy implementation in small scale enterprises.

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APPENDICES

Appendix I: Introductory Letter to Questionnaire

Dear Respondent,

Am a Master of Business Administration student at the university of Nairobi majoring in Strategic Management Option. I am supposed to undertake a research project as part of my partial course requirements. I am developing a research project on the topic “Strategy Implementation and Performance of Micro and Small Enterprises at Kangemi Harambee Market in Nairobi, Kenya”

It is in this regard that I write to request you to kindly provide accurate responses for the questions below to the best of your ability and in case of any clarification, don't hesitate to ask. The study will be beneficial to Kangemi Harambee Market investors, scholars and academicians and other policy makers relevant to the study objectives.

Thank you in advance for choosing to be part of the team that will provide answers to these most important concerns so as to enable me complete my project in time. May God bless you!

Yours faithfully,

Irene Kabatha.

Appendix II: Research Questionnaire

Kindly fill in this questionnaire by ticking (✓) in the appropriate boxes as required and also by providing information in the gaps provided. Kindly note that the information you provide will be treated with utmost confidentiality and that the information will be used only for the purpose of research.

Section I: Questions Regards Respondents' Background Information

1. Gender of Respondents

Male []

Female []

2. Age Group of Respondents

Below 20 Years []

21 - 30 Years []

31 - 40 Years []

41 - 50 Years []

51 - 60 Years []

Over 60 Years []

3. Highest achievement in education

K.C.S.E []

Certificate/Diploma []

Bachelor's Degree []

Master's Degree []

PhD []

4. Total number of years in business

- 0-5 Years []
- 5-10 Years []
- Over 10 Years []

5. Are you equipped with any formal training on action planning of the future of your business?

- Yes []
- No []

If Yes, kindly give more details of the nature and level of training
.....
.....

6. Which business do you operate?

- Green Groceries []
- Clothing and Shoes []
- Food []
- Saloon []
- Cereal []
- Poultry []

7. Enterprise Information

i. Total number of people employed

- None []
- 1-10 []
- 11 – 20 []
- Over 20 []

ii. Approximate Annual Turnover in Kenya Shillings.

Below Ksh. 50,000	[]
Ksh. 50,000-150,000	[]
151,000-250,000	[]
251,000-350,000	[]
Over 350,000	[]

Section II: Strategy Implementation and Performance

This section captures questions on the study objective. Kindly fill in this section by ticking (✓) in the appropriate boxes as required and also by providing information in the gaps provided. By ticking, you indicate how much you agree or disagree with each of the following statements on a scale of 1 to 5. The scale is indicated as follows;

5 - Strongly Agree (SA); 4 – Agree (A); 3 – Neutral (N); 2 – Disagree (D); and 1 - Strongly Disagree (SD).

S/No	STATEMENT	SA	A	N	D	SD
1	Effective implementation of set strategies contributes to increased customer base through acquisition of new customers and having repeat customers					
2	Strategy implementation positively influences the quality of services offered by Kangemi's Harambee market SMEs					
3	Effective implementation of plans is as a result of good leadership					
4	Strategy implementation contributes to profitability of Kangemi Harambee market SMEs					
5	Strategy implementation contributes to increased sales of Kangemi Harambee market SMEs					
6	Strategy implementation contributes to high turnover of Kangemi Harambee market SMEs					
7	Good strategy implementation enhances employee motivation at Kangemi Harambee Market SMEs					
8	Strategy implementation contributes to low staff turnover rates at Kangemi Harambee market SMEs					

In your own view, what hinders implementation of plans process among micro and small firms in Kangemi Harambee Market? Answer by ticking (You can tick more than one box)

- Lack of resources (1)
- Resistance to change (2)
- Lack of a dynamic learning environment (3)
- Legal Framework (4)
- Procrastination (5)

.....
.....

Thank you!