# STRATEGIC MANAGEMENT PRACTICES AND PERFORMANCE OF JUMIA KENYA

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# A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION IN STRATEGIC MANAGEMENT

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# **DECLARATION**

I declare that this research project is my original work and has not been presented for an award in any other university or an institution of higher learning.

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Sign\_\_\_\_\_ Date: 10/12/2021\_\_\_\_\_

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

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# DEDICATION

This work is dedicated to my beloved parents Julius and Rebby, and my dear daughter Chloe who have been patient and encouraging throughout the period of my studies.

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The quest to write this masters project has been both a challenging and learning experience which has brought about happy tidings. I give glory to God for His faithfulness through every step of this study. A Special thanks to my supervisor Dr. Caren Angima and moderator Dr. Joseph Owino for the invaluable guidance and advice throughout the project. Your passion for the subject matter and professionalism was exemplified throughout our interactions.

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# TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iv
ACKNOWLEDGEMENT	iii
LIST OF ABBREVIATIONS AND ACRONYMS	vii
ABSTRACT	viii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Strategic Management Practices	2
1.1.2 Firm Performance	
1.1.3 Jumia Kenya Ltd	5
1.2 Research Problem	6
1.3 Objective of the Study	8
1.4 Value of the Study	8
CHAPTER TWO: LITERATURE REVIEW	10
2.1 Introduction	
2.2 Theoretical Foundations	
2.2.1 Resource Based View	
2.2.2 Dynamic Capabilities View	
2.3 Strategic Management Practices and Firm Performance	
2.4 Empirical Review and Knowledge Gaps	
CHAPTER THREE: RESEARCH METHODOLOGY	
3.1 Introduction	
3.2 Research Design	
3.3 Data Collection Methods	
3.4 Data Analysis	
CHAPTER FOUR: DATA ANALYSIS, RESULTS, AND DISCUSSION	
4.1 Introduction	
4.2 Response Rate	
4.3 Respondents' General Information	
4.4 Strategic Plan of Jumia Kenya	

	4.5 Process of Strategic Planning at Jumia Kenya	. 26		
	4.6 Strategic Management Practices at Jumia Kenya	. 30		
	4.6.1 Strategic leadership	. 31		
	4.6.2 Communication of strategy implementation responsibilities	. 32		
	4.6.3 Talent management	. 33		
	4.6.4 Strategic governance	. 35		
	4.6.5 Quality assurance at Jumia Kenya	. 36		
	4.6.6 Monitoring of strategy implementation at Jumia Kenya	. 37		
	4.7 Performance of Jumia Kenya	. 38		
	4.8 Strategic Management Practices and Performance of Jumia Kenya	. 41		
	4.9 Discussion of Findings	. 44		
С	CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS. 50			
	That TER FIVE. SUMMARY, CONCLUSION, AND RECOMMENDATIONS	. 30		
-	5.1 Introduction			
		. 50		
-	5.1 Introduction	. 50 . 50		
	<ul><li>5.1 Introduction</li><li>5.2 Summary</li></ul>	. 50 . 50 . 52		
	<ul><li>5.1 Introduction</li><li>5.2 Summary</li><li>5.3 Conclusion</li></ul>	. 50 . 50 . 52 . 52		
	<ul> <li>5.1 Introduction</li></ul>	. 50 . 50 . 52 . 52 . 54		
	<ul> <li>5.1 Introduction</li></ul>	. 50 . 50 . 52 . 52 . 54 . 55		
	<ul> <li>5.1 Introduction</li></ul>	. 50 . 50 . 52 . 52 . 54 . 55 . 56		
R	<ul> <li>5.1 Introduction</li></ul>	. 50 . 50 . 52 . 52 . 54 . 55 . 56 . 58		
R	<ul> <li>5.1 Introduction</li></ul>	. 50 . 50 . 52 . 52 . 54 . 55 . 56 . 58 . 61		

# LIST OF ABBREVIATIONS AND ACRONYMS

COVID-19	Corona Virus Disease 2019
fsQCA	fuzzy set Qualitative Comparative Analysis
ICT	Information and Communications Technology
SMEs	Small and Medium Enterprises
SMP	Strategic Management Practice
TQM	Total Quality Management
UNDP	United Nations Development Programme

# ABSTRACT

For an organization to succeed, it develops strategies, either emergent or inherent, to counteract pressures and changes, and to capitalize on opportunities in its environment. Strategic management practices (SMPs) are adopted in an organization to enable it to attain its performance objectives and a sustainable edge over rivals. Though Jumia Kenya had been in operation since 2012, by 2021, it had not posted any profits. This necessitated an investigation of the company's SMPs and how they associate to its organizational performance. The objective of this study was to determine the influence of strategic management practices on the organization performance of Jumia Kenya. The study was anchored on the resource-based theory and dynamic capabilities theory. This study applied a case study design. The study collected primary data through interviews with four senior managers at Jumia Kenya. The study used content analysis to analyze the qualitative data collected from the four interviews. The study also established that Junia Kenya assesses its organization performance using the BSC. Further, the study findings showed that Jumia Kenya had effectively attained its performance in the customer perspective, learning and growth perspective and the internal processes perspective, but has underperformed in the financial perspective due to its focus on growth. The study further established that the SMPs adopted by Jumia Kenya which are strategic governance, strategy monitoring and review, strategic communication, talent management and quality assurance had positively influenced its organization performance. Based on the findings of the study, the study makes the following recommendations. First, the board of directors should recruit senior managers with strategic leadership competencies. Besides, Jumia Kenya and other firms in the ecommerce sector should have manager development initiatives to enhance strategic leadership competencies such as strategic thinking, strategy execution, strategic agility, and strategic communication. Moreover, the study recommends to organization's senior management and board of directors to ensure that they have a formal strategic communications plan to enable effective communication about the firm's strategy to all its key stakeholders. The study also recommends to board of governors in firms to play their rightful role in strategic governance. Besides, the study recommends the firm not to over-emphasize on long-term growth to the detriment of financial profitability. Lastly, the study recommends to senior management in Jumia Kenya, other e-commerce firms and all firms in general, to ensure that they have quality assurance mechanisms engrained in their strategic plans to ascertain that the envisaged quality standards are met or surpassed.

#### CHAPTER ONE

#### **INTRODUCTION**

#### **1.1 Background of the Study**

For an organization to succeed, it develops strategies, either emergent or inherent, to counteract pressures and changes, and to capitalize on opportunities in its environment. Strategic management practices (SMPs) are adopted in an organization to enable it to attain its performance objectives and a sustainable edge over rivals (Arend et al., 2017). It is the management team's responsibility to certify that an effective strategy is in place and effectively implemented in order for the organization to function successfully (George et al., 2019). Strategic management practices offer overall direction by creating plans and policies and engaging in practices to accomplish goals and to allocate resources to put the adopted strategy into action (Elbanna & Fadol, 2016). Besides, strategic management practices are used by organizations to enhance their organizational performance and obtain a competitive advantage over their rivals.

The dynamic capabilities theory and resource-based theory anchored this study. The resource based theory by Wernerfelt (1984) indicates that strategic resources that are inimitable, non-substitutable, rare and valuable positions an organization for success in the long-term. These strategic resources may provide the groundwork for the development of firm skills that will lead to improved performance over time. Strategic management practices are regarded in this study as an intangible strategic resource that can enable the firm to attain its performance objectives. Teece et al.'s (1997) dynamic capabilities theory on the other hand, emerged from the critique of the resource-based

theory's inability to determine how organizations develop and refine capabilities and resources to respond to the rapid environmental changes. The theory indicates that organizations' dynamic capabilities, such as SMPs, enable them to marshal, integrate, and rearrange their resources in order to adapt to quickly changing environments.

Small and medium enterprises (SMEs) benefit society in a variety of ways, including tax income, job creation, charity donations, innovative services and goods, technical advancements, and economic growth. Given these contributions and SMEs' limited resources, it is critical for them to adopt SMPs to enable them to create and execute winning strategies effectively. SMEs may use a variety of SMPs to accomplish their performance goals and contribute more to economic growth. This study will focus on SMEs in the electronic commerce sector. This is a sector that experiences rapid technological changes and adoption of effective SMPs is vital for SMEs operating in this sector, hence the research interest in the area. The study will focus on Jumia Kenya which is an e-commerce SME that also provides logistics and payment services (Henry, 2020). Despite being Africa's biggest e-commerce platform, the company has never made a profit which may be due to failure to apply SMPs (Paul, 2021). This research aimed to evaluate the company's strategic management practices and how they connect to its overall success.

#### **1.1.1 Strategic Management Practices**

The actions and choices taken to guarantee that the strategic plan is carried out are referred to as strategic management practices. The SMPs are encompassed in the six stages of strategic management process which are creation of the company's vision and purpose, scenario analysis, determination of strategic goals, strategic analysis and decision, strategy execution, and strategic assessment and control (Ansoff et al., 1990). The senior management of an entity applies various SMPs in the development and execution of an organization's vision, purpose, and strategy, taking into account the internal environment, resources within its control, and the external environment in which the organization works (Brorström, 2020).

There are various SMPs that have been fronted in literature. Williams et al. (2019) listed six SMPs that are vital for organizations which include strategic planning, goal setting, entrepreneurial orientation, and total quality management (TQM). On the other hand, Mumbe (2019) considered employee engagement, ethical practices, corporate social responsibility, ICT leverage and management support as essential SMPs. Besides, Njagi (2017) observed key SMPs to include employee involvement in strategic planning, strategic communication and buy-in with key stakeholders, goal setting, continuous management and board evaluations of the strategic progress, reward management, and celebrating milestones.

## **1.1.2 Firm Performance**

Firm performance is metric used to assess and evaluate the efficiency and success of a business in attaining its planned objectives. The metric may be represented using financial or non-financial data that has the potential to affect management action and decision-making (Williams et al., 2019). Organizational performance is assessed using

efficiency and effectiveness metrics. The efficiency metric is a measure of how proficiently the firm's resources are used while delivering a certain degree of customer satisfaction, while the effectiveness metric considers the amount to which client needs are fulfilled. Despite its widespread usage in academic literature, the notion of organizational performance is difficult to define due to its various interpretations (Phina, 2020). In general, organizational performance may be defined as the capacity to deliver results that are linked to predetermined goals. Various measures have been used to evaluate a business's performance with goals and market competitiveness in mind, such as profitability, market share, employee and customer satisfaction and corporate growth.

According to Ahmad and Zabri (2016), reliable measurements of organizational performance may provide insights into effective strategies, appropriate resource allocation, and customer satisfaction from fulfilling customer requirements and expectations. Organizational metrics and goals that show whether the company is on the correct track are established and monitored on a regular basis in order to fine-tune the activities and strategies needed to accomplish them (Zubairu et al., 2021). In having a holistic organizational performance measure, Kaplan and Norton (1992) introduced the balanced score card (BSC) which measures organizational performance using four perspectives; customer, internal business, financial and innovation and learning perspectives. This study will use the BSC framework to measure performance, since it is a holistic approach that measures performance from four vital perspectives.

#### 1.1.3 Jumia Kenya Ltd

Jumia Kenya is an SME in the electronic-commerce sector. Though there is no universal definition of what constitutes an SME, it is undeniable that SMEs are critical economic drivers in the world, both in terms of tax revenue and employment creation. As business rivalry becomes more intense and market circumstances become more volatile, many SMEs are focusing their efforts on figuring out how to maintain or enhance their organizational performance. Managers in SMEs spend much of their time focusing on operational issues which deny them enough time to engage in SMPs. Therefore, understanding the SMPs that significantly influence organizational performance could enhance their adoption and thereby improving organizational performance of SMEs.

The operating environment is more volatile amongst SMEs operating in the e-commerce sector, where Jumia Kenya operates (Henry, 2020). The study focused on SMEs operating in the e-commerce sector in Kenya, and specifically, Jumia Kenya Ltd. Jumia Kenya Ltd is a Nairobi-based e-commerce company that also offers shipping and payment services. It began in Nigeria in 2012, and by 2018, it has expanded to 18 African nations, with branches in Kenya, South Africa, Morocco, Egypt, and the Ivory Coast. It has introduced a variety of goods over the years, including Jumia Travel and Jumia Food in 2013 and Jumia Pay in 2017. Despite being Africa's biggest e-commerce platform, the company has never reported a profit, but its losses are decreasing (Paul, 2021). Due to the company's lack of profitability since 2012, a study of the company's SMPs and how they relate to its organizational performance was justified.

#### **1.2 Research Problem**

The use of SMPs to achieve the desired objectives of any company is a critical element for the performance and success of the organization (Brorström, 2020). Though the growth of SMEs is pegged on their ability to apply SMPs, majority of SMEs rarely adopt SMPs effectively. This jeopardizes their capacity to compete in the marketplace and to improve on their financial performance. strategic planning (Liguori & Pittz, 2020). Adopting SMPs enables a business to thrive in a turbulent external environment while maintaining order and efficiency in its internal operations, thus enhancing its organizational performance. The performance of an SME should be continuously monitored using the different metrics and control mechanisms in place. The assessment and control component of strategic management techniques examines organizational performance metrics and makes corrective adjustments when necessary to ensure that objectives and targets are met.

SMEs operating in the e-commerce sector competes with larger firms who have massive resources and years of experience at their disposal. SMPs are critical for SMEs in an environment of technological development, global competitiveness, and growing market dynamics (Mutendera, & Simba, 2019). Even though many SMEs do not have strategic plans, SMPs and methodical decision-making are important factors in the success and survival of these enterprises (Phina, 2020). Over the years, Jumia Kenya has launched a number of products including Jumia Travel and Jumia Food in 2013 and Jumia Pay in 2017 (Paul, 2021). Having been in operation from 2012 with no profitability, this

necessitates an investigation of the company's SMPs and how they associate to its organizational performance.

Several studies had been conducted investigating SMPs and their influence on the organizational performance or success. Phina (2020) determined that strategic management practices had a vital influence on organizational performance of manufacturing companies in Nigeria. This study by Phina (2020) left some contextual gaps as it was conducted in the manufacturing sector in Nigeria, and thus the findings may not be generalizable to the e-commerce sector in Kenya. Another study by Noor and Theuri (2016) investigated the influence of SMPs on performance of higher learning institutions in Somalia. The study determined that strategic planning plays a critical role in the organizational performance of Horn of Africa University in Somalia. This study by Noor and Theuri (2016) left some contextual and methodological gaps as it was conducted in the higher education sector in Somalia which has different competitive dynamics from the e-commerce sector in Kenya. Besides, the study was conducted using a questionnaire survey which does not provide in-depth insights into SMPs compared to a case study. In Kenya, Mutendera and Simba (2019) assessed the influence of strategic management on organizational performance of hotels. The study focused in beach hotels which operate in a different contextual environment to the e-commerce sector, and hence the findings may not be generalizable to the e-commerce. Moreover, Dahir and Nyang'au (2019) assessed the influence of strategic management on organizational performance of Kenya Power. This study was conducted in a highly regulated public sector and the findings may hence not mirror a highly competitive and dynamic sector like the ecommerce sector. This study hence sought to fill the knowledge gaps by answering the question, what is the influence of SMPs on organizational performance of Jumia Kenya?

#### **1.3 Objective of the Study**

The objective of this study was to determine the influence of strategic management practices on organizational performance of Jumia Kenya.

#### **1.4 Value of the Study**

The findings from this study will provide evidence regarding the influence of SMPs on organizational performance of Jumia Kenya. These findings are expected to make vital contributions towards theory, policy and practice. Regarding policy, the findings may inform policymakers such as the national government, county governments, and the respective non-governmental enterprise development initiatives on the vital SMPs for SME organizational performance which may inform supportive policy and regulatory framework. Besides, the study findings may inform the policy makers at the SME level on important SMPs which may guide their policies on the adoption and implementation of SMPs.

On the contribution to theory, the study findings will advance the discussion and development of the dynamic capabilities theory and resource-based theory and their application in strategic management amongst SMEs, by determining whether the theories are supported by empirical findings. The results of this research will also add to the limited empirical evidence of the application of SMPs in SMEs and their resultant effect

on organizational performance. Besides, the findings will document limitations encountered in conducting the study which will inform researchers planning to engage in research on strategic management in SMEs. Moreover, the study will provide suggestions for further research on the study subject that researchers can explore.

The study findings are also expected to contribute towards practice. The study will provide evidence to senior managers of Jumia Kenya on the effect of the SMPs on organizational performance of the business. Moreover, the study will document evidence on any weaknesses in SMPs which the senior managers can improve. Besides, management at Jumia Kenya, the study will inform other SME leaders of the various SMPs that can be applied in their enterprises to achieve their organizational performance goals.

#### **CHAPTER TWO**

# LITERATURE REVIEW

# **2.1 Introduction**

This chapter provides review of extant literature on SMPs and organizational performance. The chapter comprises of theoretical foundations, review of literature on SMPs and firm performance and the empirical review and knowledge gaps.

# **2.2 Theoretical Foundations**

This section provides a discussion of theories that anchored the study. Included in the section are the resource based and dynamic capabilities theories, their proponents, developments, critiques and how the theories applied to this study.

#### 2.2.1 Resource Based View

Wernerfelt (1984) developed the resource-based theory which posits that a company's performance and competitive advantage is determined by the company's intangible capabilities, resources or assets, and how management employs these resources to create an inimitable market edge. This enables a business to provide a one-of-a-kind product or service that its rivals cannot match, giving it a competitive edge that can enable it to have a sustainable above average organizational performance. This raises the issue of how to keep this advantage in the current information age. Ansoff et al. (1990) provided a crucial pillar to the solution, which develops and expands the resource-based approach. Ansoff et al. (1990) argue that the most important resources for any business are knowledge-based resources that are hard to duplicate and socially complicated.

Andrews et al. (2011) demonstrates that determining the SMPs to engage in is not a onesize-fits-all proposition, and that a business may employ various SMPs. The management's knowledge of the organization's internal resources, connections as well as a current assessment of the environment in which they operate is critical in determining how to combine the resources effectively. The resource-based theory has been largely applied in various studies on strategic management. However, it has been criticized for being redundant since different resource configurations in different organizations can generate similar value for organizations, therefore not providing competitive edge (Zack et al., 2009). Besides, the theory is criticized for not providing a framework of combining and integrating the resources for competitive advantage (Aaltonen & Ikävalko, 2002).

The resource based was applied in this study since it linked strategic resources and capabilities with competitive advantage. In the study SMPs were regarded as vital strategic resources which SMEs could adopt and integrate into their operations to enable them to accomplish their organizational performance objectives. SMPs such as strategic planning, goal setting, entrepreneurial orientation, total quality management (TQM), and social capital can be very valuable, rare and inimitable if integrated into SME operations and culture. Besides, as indicated by Mumbe (2013), SMPs such as employee engagement in strategic planning, ethical practices, corporate social responsibility, ICT leverage and management support can provided the firm with the impetus required to attain its objectives.

# 2.2.2 Dynamic Capabilities View

Teece et al. (1997) developed the dynamic capabilities theory as a feasible alternative to resource-based theory in order to solve some of its shortcomings. The dynamic capabilities theory explains how companies may adapt to quickly changing environments by reconfiguring, integrating and building their capability and resource portfolios. The theory indicates that dynamic capabilities empower the organization to develop, reconfigure and integrate external and internal capabilities to attain its organizational performance objectives and meet dynamically changing contexts. The theory indicates that as markets s arise, clash, divide, change, and perish, dynamic capabilities are the strategic and organizational routines applied by organizations to attain novel resource alignments for configuration of their purpose.

Teece (2007) made noteworthy contribution and development to dynamic capabilities theory by providing the foundations of the three major dimensions: sensing (opportunity identification and assessment), seizing (mobilizing resources to capture value and take advantage of identified opportunity), and transforming (sustained revitalization or reconfiguration the organization's tangible and intangible assets). Despite this, harsh criticisms have been leveled at the theory, including difficulties determining the merits of the theory's outcomes (Bryson et al., 2018), the absence of vibrant methodologies to measure and evaluate the capabilities (Ogbechie, 2018), and the lack of clarity in evaluating how the these capabilities influence organizational performance (Williams et al., 2019), and difficulty understanding the nature of dynamic capabilities. Moreover, the

theory has been criticized for being repetitive and inadequate in giving a comprehensive explanation of how dynamic capabilities work (Noor & Theuri, 2016).

This theory was applied in this study to explain how SMPs as dynamic capabilities, can influence organizational performance. The theory depicts SMPs as dynamic capabilities that can enable the organization to configure and refine its resources to enable it thrive in a complex and dynamic environment and also attain its planned organizational objectives. The fundamental ideas of dynamic capabilities theory correlate to practical SMPs in organizations and how they affect the organizational performance outcomes. SMPs such as entrepreneurial orientation, employee engagement in strategic planning, ethical practices, corporate social responsibility, ICT leverage and management support could enable the organization to develop, configure and refine its available resources for attainment of organizational performance.

# **2.3 Strategic Management Practices and Firm Performance**

SMPs, according Ahmad and Zabri (2016), entails engagement of choice and activities in the development and execution of key objectives and initiatives by a company's senior management. SMPs are operationalized based on an evaluation of the external and internal environment of the organization and the organization's resource considerations. SMPs entails defining the company's goals, allocating resources to actualize those goals, creating policies and plans to accomplish those goals, and providing the organization with an overall direction (Arend et al., 2017). Various SMPs have been devised and fronted by professionals, managers and scholars to guide in strategic management in the setting of competitive dynamics and complex environments.

The primary goals that business organizations have is to achieve their performance objective and attain a sustainable competitive advantage position. The size of a company and its propensity to fit in its business environment may influence the strategic management practices it adopts (Noor & Theuri, 2016). However, for all organizations despite their size, an integrated frame of view is required for effective strategy management practices (Phina, 2020). Practices such as quality management, total quality management, management (TQM), support to employees and effective talent acquisition, development and retention are effective practices that have a positively influence organizational performance (Mumbe, 2019).

The process of monitoring all actions and responsibilities needed to attain a defined level of excellence in product and service supply is known as quality management (Slabbert, 2018). Establishing a quality strategy, creating and implementing quality planning and assurance, as well as quality improvement and control, are all part of quality management. TQM, on the other hand, requires cooperation amongst all stakeholders in an organization in order to enhance services, products, and processes, as well as the company's quality culture (Njagi, 2017). TQM asserts that the long-term success and performance of the organization can be attained by having all the employees in the organization to focus on enhancing quality and, as a consequence, delivering customer satisfaction (Williams et al., 2019). TQM is based on a set of principles which include

customer focus, total employee involvement, systemic and strategic approach to quality, continuous improvement, evidence-based decision making and effective communication.

Talent management is another important SMP that entails acquisition, development and retention of the required quality and quantity of human resources to enable the organization attain its strategic objectives (Brorström, 2020). Talent acquisition encompasses the recruit, selection and onboarding of human resources. Talent development entails employee training and manager development initiatives undertaken to enhance the skills and competencies of the organization's human resources while talent retention entails motivating and holding on to the organization's key talent. The goal of talent management is to boost productivity and organizational performance (Sivathanu & Pillai, 2019). Its objective is to motivate, engage, and retain employees and also improve their engagement and performance. When conducted effectively, an integrated system of people management techniques that are hard to duplicate empower the organization to outperform its rivals and gain a sustainable competitive advantage.

Dahir and Nyang'au (2019) determined that goal setting, stakeholder engagement, sustainability management and synchronization of strategies with stakeholders are vital for organizational performance in fast changing environments. Brorström (2020) notes that strategy implementation effort should ideally be a boundary-less collection of SMPs that does not focus on the consequences of just one component, but a holistic implementation of the strategy and how it enables the organization its performance objectives. Slabbert and Mukhongo (2018) conducted a study that sought to determine

the influence of SMPs on UNDP Mogadishu's organizational performance. The goal of the research was to evaluate the impact of SMPs such as strategic planning, strategic overall quality management practices, strategic corporate governance practices, and strategic leadership practices on the UNDP Somalia's performance. The study determined that performance measurement, total quality management and strategic corporate governance practices had a significant positive influence on organizational performance. However, strategic planning and strategic leadership did not have a significant influence on organizational performance.

Strategic planning is a management practice that focuses resources and energy on setting priorities, establishing agreement around results, empowering employees and other stakeholders to work towards laid down goals, solidifying operations, and assessing and adjusting the direction of the organization in line with the changing environment (Slabbert, & Mukhongo, 2018). It is a logical approach that leads to essential actions and decisions that determine and the identity of the organization, what it does, who it serves, and why it exists, while it focusses on the future (Arend et al., 2017). Apart from providing the direction for the firm, effective strategic planning provides the firm with the actions to take and also how it comprehends when it arrives where it wanted to be. A number of techniques and frameworks may be used to achieve strategic planning. While there are no hard and fast criteria for selecting the right framework, most of them follow a similar pattern and have similar features. The most common stages in strategic planning are analysis, strategy formulation, strategy execution, and strategy evaluation (Williams et al., 2019).

Strategic leadership as a strategic management practice establishes the scope and direction for the organization's success. Effectively managing continuous change through improvements to both processes and people is a big component of this success. In a world of constant change and uncertainty, strategic leaders must retain a sense of direction while simultaneously fostering ownership of objectives and goals for action among the teams they manage (Teece, 2007). Strategic leadership focus on two aspects; the strategic management process and people. Regarding the process, strategic leaders should constantly aim to be the creator of the "ideal strategy" by understanding the market and its requirements and aligning them with the organization's competencies, strengths, and fundamental purpose (Slabbert, & Mukhongo, 2018). Since no strategy is complete until it is put into action, strategic leadership should ensure that implementation of the chosen strategy is effective (Phina, 2020). Regarding human dimension, strategic leadership should ensure all relevant employees own the formulated strategic plan (Noor & Theuri, 2016). To accomplish this, strategic leaders work together with all key stakeholders and members of their teams to develop the strategy. Strategic leaders should also ensure that every employee has the requisite skills and knowledge to develop, own and implement strategy.

In the strategic governance practice, the board of directors are able to give the required supervision of the evaluation of the core purpose and strategic plan. It also keeps track of how well these two key aspects of an organization are doing. Questions asked in the strategic governance are; what developments in the external environment necessitate a reevaluation of the strategic plans and goals? What extra assistance can the board offer to management to help them accomplish their strategic goals? Answers to these questions are vital since an organization's purpose is closely related to its corporate governance approach. The appropriateness of connections and interactions regarding how the corporate governing board and management oversee employees, interested parties, and other stakeholders associated with the organization is outlined in a strategic corporate governance plan. Ogbechie (2018) observe that the board of directors has fiduciary responsibilities to the organization and its stakeholders as part of the strategic corporate governance system.

#### **2.4 Empirical Review and Knowledge Gaps**

Various studies had been conducted relating SMPs and organizational performance. Noor and Theuri (2016) determined that SMPs such as situational analysis, stakeholder engagement, employee involvement and employee development were critical in enhancing the organizational performance of the university. The findings from this study were supported by latter findings by Njagi (2017) which determined that SMPs were critical for organizational performance. Despite having comparable findings, the study by Njagi (2017) was conducted in the health sector while the study by Noor and Theuri (2016) was conducted in the higher education sector. There were various conceptual, methodological and contextual gaps that emanate from these studies.

The studies by Njagi (2017) and Noor and Theuri (2016) were conducted in the health and higher education sector respectively, thus leaving some contextual gaps. This is because the health and higher education sector have different competitive landscape than what is expected in the e-commerce sector, which is the context of the current study. The e-commerce sector faces higher level of dynamism and competitiveness that the higher education and health sector. Besides, the study by Njagi (2017) did not include strategic governance and strategic leaderships, which are vital SMPS that were included in the current study.

Mumbe (2019) conducted a study with the primary goal of assessing the SMPs and performance of SMEs in Kitui County, Kenya. The purpose of the study was to assess the influence of ICT adoption, service delivery, and customer orientation influenced the success of SMEs in Kitui County, Kenya. A descriptive research approach was utilized in this study. The research used stratified random selection and selected 442 SMEs in Kitui Town that had the infrastructure in place to apply strategic management techniques. A total of 111 SMEs were included in the study, accounting for 30% of the target population. Primary and secondary sources were used to gather information. Questionnaires were the major source of primary data. The research established that service delivery, ICT, and customer service had a favorable and substantial influence on the success of SMEs. This study left some methodological gaps as it was conducted using a questionnaire survey which does not provide in-depth analysis like the interview method that was adopted in the current study.

Williams et al. (2019) conducted a study on SMPs and SME performance in United States with a focus on SMEs in the printing industry. The study used fuzzy set Qualitative Comparative Analysis (fsQCA) to investigate how different combinations of six SMPs – entrepreneurial orientation, strategic leadership, strategic planning, goal setting, total quality management, and social capital – affected performance. The study determined that four distinct configurations of SMPs linked to better small business performance. This study was conducted in US, which is a developed country and the findings may not be readily generalizable to the context of a developing country like Kenya. Besides, this study left conceptual gaps since it did not include strategic implementation, and talent management which are important SMPs that were included in the current study.

#### **CHAPTER THREE**

# **RESEARCH METHODOLOGY**

# **3.1 Introduction**

This chapter provides the research methodology that was applied in the study. The chapter comprises of the research design, data collection methods and the data analysis techniques that were applied.

#### **3.2 Research Design**

This study applied a case study design. This entails focusing on one entity (Jumia Kenya) to have an in-depth feel of its strategic management practices and how they influence its organizational performance. According to Chandra and Sharma (2019), A case study is a research design employed to gain multi-faceted and comprehensive knowledge of a research problem in its natural environment. Further, Lincoln and Guba (2018) observe that a case study may be characterized in a number of ways, with the most important premise being the necessity to investigate an event or phenomena in its natural setting and in detail. This design was suitable for the study as the study sought to study in-depth the influence of SMPs on organizational performance of Jumia Kenya.

#### **3.3 Data Collection Methods**

The study collected primary data through interviews with four senior managers at Jumia Kenya. Interviews were conducted with Chief Executive Officer of Jumia Kenya, Chief Operations Officer, Kenya, Chief Commercial Officer, Kenya and Chief Sustainability Officer, Kenya. These senior employees were selected as respondents in the study due to their involvement in strategic management process in Jumia Kenya. The interviews were conducted physically as this was the mode selected by all of the targeted respondents. This was due to the existing COVID-19 health protocols. Besides, the study did not record the interviews because requisite consent was not provided by the targeted respondents. The interviews data was collected through short note taking. The study also collected secondary data using a data collection sheet that include sales revenues, operating costs, gross profit and net profit, to establish the performance of Jumia Kenya. This was also done to triangulate the organizational performance information received from the interviews.

#### **3.4 Data Analysis**

The study used content analysis to analyze the qualitative data collected from the four interviews. Lincoln and Guba (2018) indicate that content analysis is a qualitative data analysis method that focuses on human artefacts including manuscripts, voice recordings, and diaries. This was applied in this study by reading and analyzing the information collected through the interview guides. The analysis approach was performed to assess Jumia Kenya's adoption of strategic management practices and how this had influenced its organizational performance.

The study applied eight steps in analyzing the interview data as recommended by Colomb et al. (2016). These included transcribing the data into electronic text format, classifying the text data into themes, and then developing sub-categories and coding scheme for the analysis. These sub-categories were derived from theoretical and empirical literature review. The next phase was coding, followed by refinement of the codes and then drawing inferences based on the coded themes. Lastly, the study presented the results in the form of a research report.

#### **CHAPTER FOUR**

# DATA ANALYSIS, RESULTS, AND DISCUSSION

# **4.1 Introduction**

This chapter describes the data analysis procedure, the findings of the research, and a discussion of the findings in relation to the evaluated empirical and theoretical literature. In this chapter, the data analysis was carried out according to the research methodology, and the study findings were used to meet the study goals. The results are aimed at determining the influence of strategic management practices on organizational performance of Jumia Kenya.

### **4.2 Response Rate**

The research employed an unstructured interview guide to acquire primary data from top management individuals at Jumia Kenya who were actively involved in the strategic planning process. Face-to-face interviews were done at Jumia Kenya offices in Nairobi, while following all COVID-19 health guidelines. Chief Executive Officer of Jumia Kenya, Chief Operations Officer, Kenya, Chief Commercial Officer, Kenya and Chief Sustainability Officer, Kenya, were the four top managers that responded to the interviews. All four interviews went off without a hitch and thus the response rate was 100%. The researcher made brief notes throughout the four interviews and did not make reference to any of the respondents to ascertain confidentiality of the study participants. The data in this research was analyzed using content analysis.

# 4.3 Respondents' General Information

The study investigated the highest education level, length of service and in the respondents' role and the length of time they had served at the organization. The study determined that all but one respondent had masters degrees while the other respondents had a bachelors degree. On length of service at Jumia Kenya, one of the respondent had served at Jumia for 2 and a half years, another respondent had served in the company for 3 years. Moreover, another respondent had served in the company for 5 years. On length of service in current role at Jumia Kenya, all the respondents had served in the organization for more than two years. These findings indicated that all the respondents were still working at Jumia Kenya when the organization formulated its strategic plan for 2019 to 2023 period. This implies that the respondents had insights into the SMPs adopted and executed to enable the firm to effectively execute its strategic plan.

# 4.4 Strategic Plan of Jumia Kenya

On enquiring whether Jumia Kenya had a strategic plan, all the respondents indicated that the organization had a 5-year strategic plan running from 2019-2023. One respondent indicated that the vision of Jumia Kenya in the strategic plan is to 'Revolutionize the shopping experience in and become the one-stop shop for retail in Kenya with implementation of best practices both online and offline'. Another respondent indicated that the mission of Jumia was 'to leverage technology to connect Kenyan consumers and sellers to do better business together'. Besides, the study established that the key objectives in the strategic plan were to be the leading Kenyan e-commerce platform, to develop a strong repeat purchase momentum across all cohorts, to increase consumer engagement in online spaces, and to have a scalable platform with deep local expertise. Other Jumia's strategic objectives were to provide a diverse offering of services and products, to provide sellers with an attractive value proposition, and to reinforce Jumia as the destination of choice for brands in Kenya. Additionally the study established that Jumia had the objective of delivering a superior, and localized experience to consumers, creating a highly-trusted and well-recognized brand, and positioning itself effectively for growth as consumer adoption of e-commerce grows. These findings implied that Jumia Kenya had a strategic plan in place and hence had to adopt SMPs to enable it to effectively implement the strategic plan.

# 4.5 Process of Strategic Planning at Jumia Kenya

The respondents were asked to indicate how Jumia Kenya conducted the process of strategic planning. All the respondents indicated that the process had five phases which encompassed an analysis of the internal and external environments, prioritization of the firm's strategic objectives, formulating a strategic plan to attain the objectives, execution of the selected strategy and evaluation and revision of the strategy. In the analysis of the internal and external environment, the study determined that this is conducted to determine the strategic position of Jumia Kenya. Besides, one respondent indicated that this phase of preparation sets the tone for the rest of the strategic planning. Another respondent added that this stage enables the firm to figure out where the firm needs to go and how it will get there, and hence it must first figure out its current position.

The study also found that the environment analysis phase entailed involving the appropriate stakeholders from the start, taking into account both internal and external stakeholders. Jumia Kenya, according to the study findings identified significant strategic concerns by gathering consumer feedback, speaking with corporate management, and gathering market and industry data to acquire a comprehensive picture of Jumia's position in the market and in the thoughts of its' customers. This phase also entailed examination of the existing company's purpose and vision statements to offer the management and the Jumia family a clear picture of what success looks like. Additionally, the study established that Jumia analyzed its basic principles to remind the team of how the organization was expected to achieve the laid down goals.

Jumia Kenya, according to the study findings, used various strategic analysis tools including Strengths, Weaknesses, Opportunities, and Threats (SWOT), political, economic, socio-cultural, technological, ecological, and legal (PESTEL), gap analysis and value chain analysis. Moreover, the study found that a SWOT diagram was used as a foundation for the first analysis. One respondent added that the present position of Jumia Kenya, based on the SWOT, was determined with input from customers, sellers, executives, and external market data. Another respondent indicated that the PESTEL analysis enabled Jumia to identify the challenges that needed to be solved using market and industry data, including consumer insights and current/future requests. The study established that the unique strategic position of Jumia Kenya in the market became evident as the executives integrated this knowledge, and this shed light on the key strategic goals.

The second phase in the strategic planning process, according to the study results, was to prioritize strategic objectives. One respondent indicated that after determining the strategic position of Jumia Kenya, the executive team made a list of Jumia's key priorities. This phase also entailed setting targets to assist the firm to reach its objectives. Besides, the study findings indicated that the objectives determined in this phase were in sync with the vision and purpose of the firm which had been determined in the strategic analysis phase. In determining the strategic objectives, the study found that Jumia considered the measures expected to have the biggest effect on attaining the company's vision and mission and strengthening its market position, the most critical sorts of effect which was market leading position and growth, the expected response from the competition, what Jumia needed to do to achieve its objectives and how the firm would track the progress and see whether they have met their objectives. Besides, one respondent indicated that key performance indicators were determined in this phase.

The third phase, according to the findings, involved developing a strategic plan based on the vision, mission and objectives. One respondent indicated that Jumia Kenya enlisted a consultant to assist in development of the strategic plan. The respondent further indicated that the consultant assisted Jumia Kenya in streamlining their priorities by leading them towards the most efficient use of resources while accomplishing the company's purpose, goals, and objectives through key stakeholder involvement. The study findings indicated that the executive team together with the consultant decided the techniques required to achieve Jumia's goals, as well as establishing a timeframe and clearly communicating responsibilities. The study results also indicated that during the strategic plan development, the team used strategy mapping to visualize the overall strategy. One respondent supported this view by indicating that 'strategy maps made it straightforward to see Jumia's processes and find areas for development'. The respondent further added that, the team discarded all efforts that were not expected to improve Jumia Kenya's long-term strategic position, based on the values, mission statement, and defined strategic priorities. The study further determined that the strategic plan was completed in 2019 and has a five year period to 2023.

The fourth phase of the strategic planning process by Jumia Kenya was execution of the strategic plan. The study found that this was purposed to put the strategy into action and begun in 2019 and was planned to continue through to 2023. The implementation, according to one respondent, was started by sharing the strategic plan throughout the entire organization to convey the strategy. The study also determined that the processes at Jumia Kenya were mapped to turn the overall strategy into a tangible plan. Moreover, one respondent postulated that to clearly communicate team roles, KPI dashboards continued to be applied as the strategic plan was implemented. Another respondent also posited that there were frequent evaluations with individual employees and their supervisors and managers, as well as check-in points, to ensure that implementation of the strategic plan is on track.

The study established that the last phase of the strategic planning process at Jumia Kenya was review and revision. According to one respondent, this is a continuous process at

Jumia Kenya that allows the firm to examine its strategic objectives and make course corrections based on ongoing failures and successes. Another respondent posited that each manager with a responsibility is expected to determine the KPIs their team have met and how they can continue to fulfil them on a quarterly basis, changing the strategy as needed. The study found that Jumia Kenya conducts an assessment of its objectives and strategic position on a yearly basis to ensure that it remains on course for long-term success and also to enable tracking of milestones. One respondent indicated that the balanced scorecard is applied to track progress and achieve strategic objectives by giving Jumia Kenya a complete picture of its performance. The respondent also indicated that there have been refinements to Jumia's vision and objectives over the strategic plan period and this has necessitated some revisions to the original plan. Another respondent indicated that one of the key changes was due to the COVID-19 pandemic which continues to necessitate key changes to the original strategic plan.

#### 4.6 Strategic Management Practices at Jumia Kenya

The study investigated the SMPs at Jumia Kenya and how they influence its organization performance. This section provides findings relating to the SMPs adopted by Jumia to enable the organization to effectively implement its strategic plan. The respondents indicated that the best practice included strategic governance, monitoring and review of the strategic plan execution, communication, talent management and quality assurance. These findings from the interviews are discussed in this section based on the key subthemes that emerged.

### 4.6.1 Strategic Leadership

The respondents indicated that strategy leadership practice is adopted at Jumia Kenya, by all senior executives who are largely involved in the strategic planning process. One respondent said that strategic leadership is practiced, when the executive team defines the organization's strategic direction as well as the strategic action that is supposed to improve Jumia's competitiveness. The study also determined that since a well-thoughtout strategy is no guarantee of achieving strategic objectives, senior executives at Jumia Kenya act as strategic leaders to guide all other employees in executing the strategic plan according to the vision and goals provided in the plan. Besides, another respondent postulated that Jumia Kenya continues to seek and develop leaders who can effectively anticipate, challenge, interpret and decide in a dynamic and complex e-commerce environment.

The study found that Jumia Kenya was keen on strategic leadership and when they hired senior executives, they hired the ones who had the capacity to lead, plan, envision, and make the most of the resources available to the firm in order to implement the strategic plan successfully and effectively. One respondent supported this assertion by indicating that Jumia Kenya is always keen in developing the executives' skills and competencies in strategic thinking, strategy execution, strategic agility, communication and measuring objectives and key results. Besides, another respondent concurred with this view by indicating that while attempting to bring the vision to reality, Jumia Kenya respects their leaders, strategic plan and the overarching vision they provide.

### **4.6.2** Communication of Strategy Implementation Responsibilities

The study determined that strategic communication was one of the key SMPs at Jumia Kenya. One respondent posited that Jumia Kenya understands that effective strategic planning communication is the key to building the knowledge about the firm's strategic plan and process at all levels of the firm. Another respondent postulated that to ensure effective communication in the firm, Jumia Kenya has a formal communication strategy that guarantees that information is successfully delivered at all levels of the company. A third respondent supported this assertion by saying that the strategic communication plan has incorporated techniques, messaging and process of engaging all employees and key stakeholders in the strategy.

The key communication practices that Jumia Kenya had adopted, according to the respondents, were raising knowledge of the strategic plan and balanced scorecard at all levels of the firm, ensuring that key players in the execution of the strategic plan are engaged and committed, and educating all employees on fundamental balanced scorecard principles. Besides, one respondent posited that key executives encourage other employees to take part in the process, continually reminding them of their responsibilities, inspiring the employees to care about the strategic plan and balanced scorecard and ascertaining that the results of the various departments are communicated effectively and quickly to all team members. Moreover, another respondent postulated that Jumia Kenya always encouraged senior executives and supervisors to involve employees in review and execution of changes.

The respondents also indicated that in its communication in the strategic planning process, Jumia Kenya does not depend just on written communication. One respondent indicated that the communication is executed in a variety of ways because of the understanding that each of the employees process information in a unique way. Another respondent supported this and noted that, Jumia Kenya applied written e-mails, audio, video, and visual communication formats to ensure that everyone can learn about the strategic plan, their responsibilities and the progress being made in a manner that is most convenient for them. The study also found that Jumia Kenya prevented as much as possible the use of jargon and industry-specific acronyms it its communication in the aim of making the communication clear and concise. One respondent said that the organization ensured that communication flowed in all ways and had effective platforms for bottom-up communication, another respondent went on to say that senior employees actively sought feedback from the employees, and were receptive to employee recommendations.

### 4.6.3 Talent Management

The study established that Jumia Kenya engaged in talent management to ensure that the human resources available are capable of executing the firm's strategy. One key talent management practice adopted by Jumia Kenya according to respondents is staring with the strategy in mind. One respondent indicated that Jumia's strategy and objectives drives the quantity and quality of human resources that the firm needs effective talent management. Moreover, another respondent postulated that Jumia has linked its recruitment, development, retention and succession management plans to its strategy.

Further, another respondent supported this view and posited that Jumia Kenya always seeks to on-board or develop leadership skills to execute business strategy.

Jumia Kenya, according to the study findings, utilizes competences as the foundation for internal promotions, external recruiting, and succession planning. The study found that Jumia had clearly defined competence models for critical positions. This was supported by one respondent who said that Jumia routinely deployed its competence models throughout the company, and that the competencies are aligned with overall business strategy. Jumia Kenya also had complementing components in addition to competencies, according to the respondents, which were personal attributes, experience and knowledge.

The study also determined that Jumia Kenya targets its resources into developing high potential employees, but does not totally neglect other employees. One respondent postulated that 'Jumia Kenya gives promising talent a separate emphasis when it comes to development resources which yields the greatest results for firm'. In determining the high potential employees, the respondents indicated that this is the role of the human resource manager in coordination with other senior executives and departmental heads. One respondent also supported this and posited that Jumia Kenya continually scours its midlevel ranks for executives who have the potential to ascend to senior or strategic or senior positions and focusses most of the development resources on such employees.

Another key talent management practice adopted by Jumia Kenya was ensuring quality and quantity in the talent pipeline. One respondent said that Jumia Kenya believes that

talent management should include a far larger section of the workforce, not just the senior management. This was supported by another respondent who indicated that the organization is cognizant that value generation in the company is not only generated by senior leadership. The study found that Jumia Kenya nurtures and promotes talent in all other levels to ensure that the talent pipeline is adequate for the firm today and in the future. one respondent indicated that the human resource department was in charge of the talent management practices from recruitment to retention practices. The respondent further indicated that the human resource executives had passionate and active support from the CEO and other senior executives, who offer the support, funding, resources, and communication required for successful talent management. Moreover, the HR manager at Jumia Kenya according to the respondents, works with line managers to build business plans that include talent plans, as well as guidance on the ability to fulfil the business objective with the talent on board. Another respondent indicated that when there are talent gaps, the HR manager acts as a consultant to the departmental or line managers, and advice on how the gaps should be filled to enable the departmental teams attain their objectives.

### 4.6.4 Strategic Governance

The study determined that Jumia Kenya engaged in strategic governance to ensure that the strategy implementation process is effective. One respondent posited that the strategic governance function at Jumia Kenya, was played by the board and the CEO in the head office and CEO of Jumia Kenya. Another respondent supported this assertion by saying that strategic governance ensured that business risk is reduced through effective leadership during the strategy formulation, execution and review process. Besides, a further respondent indicated that strategic governance and oversight ensured employees are always motivated and managers are productive.

The study determined that the key function of the board is to ensure that Jumia Kenya's resources and assets are used effectively and in accordance with its strategic plan. The respondents also added that the oversight role examines the multidimensional indicators in order to achieve exceptional performance, earn the confidence of all stakeholders, assure efficient resource utilization, and create organizational value. One respondent supported this by postulating that the board's supervision is through a balanced assessment of management's risk-reward profile. The respondent further indicated that the board plays this governance role to ensure that actions and practices of management are in line with the strategic objectives of Jumia Kenya. another respondent also added that the head office and the board monitor the execution of the strategic plan to guarantee that Jumia Kenya is run in accordance with strategic policies and choices.

### 4.6.5 Quality Assurance at Jumia Kenya

Quality assurance according to the study findings is given priority at Jumia Kenya. One respondent indicated that the company has a Quality Assurance Officer who has the responsibility of executing the firm's quality assurance framework. According to the respondent, the quality assurance framework provides for the audit and continuous improvement in the company's financial, technological, operational, and regulatory operations. Another respondent indicated that Jumia Kenya continually creates quality

assessment systems, identify situations and methods for service and product quality control and informs the responsible teams of the qualitative and quantitative outcomes from the test results. This, according to the respondent, enables Jumia Kenya to identify areas that may be improved to increase the service efficiency. Additionally, the respondents postulated that the company always track and monitors attempts to remedy service faults and communicates to relevant teams for action.

To ensure that e-commerce platform performance meets set KPIs, the respondents posited that Jumia Kenya has a mechanism to examine, analyze, and evaluate user testability, specifications, and needs models. One respondent indicated that the firm implement tests at all levels (from design through execution), analyze the findings, and keeps track of any deviations from the intended outcomes. According to the respondent, these deviations are communicated every 72 hours to relevant teams for action. Another respondent indicated that Jumia Kenya has a mechanism for preparing and collecting data for quality examination and developing, implementing and improving methodologies for quality assurance. This process of quality assurance, according to respondents, ensures that the e-commerce platform is continually improved for better performance.

### 4.6.6 Monitoring of Strategy Implementation at Jumia Kenya

The study determined that Jumia Kenya had a formal mechanism of monitoring the execution of the strategic plan. The respondents indicated that the firm had an efficient method for monitoring and evaluating a strategic plan and its outcomes. One respondent indicated that, since the company had specific KPIs, the company had a mechanism to

analyze the progress of the firm's corporate and operational objectives by monitoring goals and indicators, as well as to measuring the outcomes attained. Another respondent indicated that the outcomes the monitoring exercise are communicated to relevant departments for review and corrective action.

The study respondents posited that the monitoring process of Jumia's strategic plan is engrained it the strategic plan itself. The respondents further indicated that the monitoring and evaluation of the execution of the strategic plan ensures that its employees are performing as expected, are dedicated to continuing progress, and have sufficient feedback mechanisms to assess the actual progress against KPIs. One respondent supported this assertion by saying that 'monitoring and evaluation of the implementation of the strategic plan using metrics, enables variances and mistakes to be discovered and corrections to be made. This ensures that probability of attaining strategic objectives is enhanced. Besides, another respondent indicated that monitoring of the strategic plan execution enables Jumia Kenya ' to modify existing course, employ people, make investments, form partnerships, seek technical tools, and a variety of other options to take back execution to its right course'.

### 4.7 Performance of Jumia Kenya

The study determined that Jumia Kenya assesses its performance based on the four indicators of the BSC namely financial measures, innovation and learning measures, internal business process measures and customer perspective measures. The performance information of Jumia was received from the respondents and also confirmed from the company's audited financial results. All the respondents indicated that Jumia had not performed exceptionally well financially. The respondents indicated that the firm had not been able to post a financial profit but indicated that Jumia Kenya reported a rise in gross profit margin by 27% from June 2019 to 2021. Besides, Jumia Kenya's gross merchandise volume (GMV) increased by 64.5 percent in June 2021 from the figures reported in June 2019. Moreover, Jumia marketplace platforms increased the number of orders by 94 percent in the year that ended in June 2021 compared to the value in June 2019. However, review of the financial statements indicated that EBITDA margin as a proportion of GMV was negative 23.7 percent, down from negative 25.5 percent the previous year. This demonstrates a continual investment in the ecosystem's development as well as an improvement in efficiency. However, despite the firm being eight years old, its financial performance remained wanting. The respondents explained this by indicating that this was due to the focus of the firm on long term growth and less on profitability. The respondents indicated that by focusing on growth, the profitability goal will eventually be achieved.

On learning and growth, the study determined that Jumia Kenya made progress in 2021 with considerable expansion of the company driven by technology breakthroughs and better relevance of the offering of services and products. One respondent indicated that the performance perspective of learning and growth was the most important to Jumia Kenya during the current strategic plan. Another respondent indicated that this expansion by Jumia Kenya reflects the strong momentum in the core companies and markets, as well as Kenya's customers' rising use of online services. The respondents posited that

Jumia Kenya's expansion of its payment platforms and logistics have yielded positive outcomes. One respondents indicated that Jumia created JumiaPay, its own payment platform, to facilitate merchant-to-consumer interactions and customise its offerings to unique local demands. Another respondent indicated that Jumia was leading on the innovation front by introducing Jumia One, a consumer-facing payment mobile app that enables consumers to easily access digital services including airtime, utilities, broadband, and television.

On customer perspective, the study determined that Jumia Kenya's customers continued to benefit from the wonderful convenience of shopping online, the expanded access to excellent services, enhanced customer service, and high-quality items. One respondent indicated that Jumia Kenya had over 90 million visitors in 2021, which was an increase of 35% from the 2019 figures, with the number of items increasing from 600,000 in 2019 to more than 900,000 in 2020. Another respondent indicated that Jumia Kenya also achieved excellent success in their Black Friday section, with over 12 million visitors in 2020, making it the leading sales generator in terms of new customers, visits, orders and products sold.

On internal business processes, the study determined that Jumia Kenya was able to improve the efficiency of internal processes and systems which had improved its gross profit. One respondent indicated that during the period of the current strategic plan, Jumia Kenya had improved its internal processes and procedures to enable it to improve customer satisfaction, meet its financial objectives, and achieve long-term innovation. Additionally, another respondent posited that Jumia Kenya had also enhanced the access to its e-commerce platform by improving the delivery system's timelines, security and variety of payment options, and the ease of using the website. The respondents indicated that the improvement in efficiency of the platforms and system was due to Jumia Kenya's enhancing its workforce of technical engineers. One respondent supported this by indicating that Jumia Kenya ensures that the efficiency of its e-commerce offerings can meet and surpass the expectations of consumers, in terms of product categories and commodity inventory sufficiency.

### 4.8 Strategic Management Practices and Performance of Jumia Kenya

The study's objective was to determine the influence of strategic management practices on organization performance of Jumia Kenya. The study determined that Jumia Kenya performed well in customer perspective, learning and growth perspective and the internal processes perspective but was poor on the financial perspective according to the study respondents. Despite these mixed findings on performance, all the respondents indicated that Jumia Kenya had made significant progress by reporting a gross profit in the year ending June 2021 and a reduction in reported losses in the same financial year.

According to all the study respondents, the SMPs adopted by Jumia Kenya had played a part in influencing organization performance of the firm. The SMPs of strategy leadership, according to one respondent, enabled Jumia Kenya to define its strategic direction as well as strategic action that has influenced Jumia's competitiveness. Another respondent said that Jumia Kenya has recruited and developed strategic leaders who have the capacity to successfully anticipate, challenge, understand, and make decisions in a dynamic and complicated e-commerce industry, which has enabled the company to outperform competitors.

The study also established that strategic communication at Jumia Kenya had a positive influence on the organization performance. According to one respondent, the key communication practices adopted by Jumia Kenya included increasing knowledge of the strategic plan and balanced scorecard at all levels of the company, ensuring that key players in the strategic plan's execution are engaged and committed, and educating all employees on fundamental balanced scorecard principles. This enabled employees at all firm levels to be committed to the strategic plan and hence increasing the productivity. Furthermore, another respondent indicated that Jumia Kenya always encouraged top executives and supervisors to include staff in the assessment and implementation of improvements which increases buy-in and reduces employee resistance, and thus increasing the possibility of attaining the objectives of the firm.

The study determined that Jumia Kenya's talent management practices guaranteed that the human resources on hand are capable of carrying out the company's objectives according to its strategic plan. According to one respondent, Jumia's strategy and goals determine the amount and quality of human resources required for the company to attain its objectives. Furthermore, another respondent claimed that Jumia Kenya is continually looking to onboard or develop leadership capabilities in order to execute company plan, thus enabling it to have the right quality and quantity of human resources to enable it accomplish its organizational performance objectives. Additionally, another respondent claimed that Jumia Kenya offers high potential employees priority when it comes to development resources, which delivers the best outcomes for the company in terms of performance. When there are skill shortages, according to the respondents, the HR manager works as a consultant to the departmental or line managers, offering suggestions on how the gaps can be addressed so that the departmental teams attain their performance objectives.

The study also determined that strategic governance by Jumia Kenya guarantee that the plan execution process is successful, therefore enabling the firm to attain its objectives. One respondent indicated that strong leadership throughout the strategy formulation, implementation, and review phase guaranteed that business risk was decreased, and thus the firm enhances its probability of attaining its objectives. Furthermore, according to another respondent, strategic governance and monitoring guaranteed that workers are constantly engaged and supervisors are productive, thus enhancing organizational performance.

The study determined that quality assurance was another key SMPs that had a positive influence on Jumia Kenya's organization performance. The quality assurance system, according to the respondents, allows for auditing and ongoing improvement in the company's financial, technical, operational, and regulatory processes. Besides, Jumia Kenya, according to the findings, is constantly developing quality assessment systems, identifying scenarios and techniques for service and product quality improvement, and informing the appropriate teams of the qualitative and quantitative test findings. According to the respondents, this enables Jumia Kenya to identify areas where service efficiency may be enhanced and thus enabling it to accomplish and surpass its organization performance objectives.

The study determined that Jumia Kenya has a structured framework for monitoring the strategy plan's implementation, which enhanced the effectiveness of the strategic plan. One respondent posited that Jumia Kenya had a method to examine the progress of the firm's corporate and operational objectives by monitoring goals and indicators, as well as analyzing the results achieved, since the organization had particular KPIs. The results of the monitoring exercise were conveyed to appropriate departments for assessment and remedial action, according to another respondent. Moreover, the respondents claimed that monitoring and evaluating the strategic plan's implementation ensures that staff are performing as anticipated, are committed to continuous improvement, and have enough feedback systems to analyze real success versus KPIs, which in turn increase the possibility of accomplishment of organizational performance objectives.

### 4.9 Discussion of Findings

The study findings indicated that the SMPs adopted by Jumia Kenya had significantly influenced organization performance of the firm. The SMPs of strategy leadership, according to the respondents, enabled Jumia Kenya to define its strategic direction as well as strategic action that has influenced Jumia's competitiveness. The implication of these finding is that in recruiting and developing strategic leaders, Jumia Kenya enables

the leaders to successfully anticipate, challenge, understand, and make decisions in a dynamic and complicated e-commerce industry, which has enabled the company to outperform competitors. These findings support the dynamic capabilities theory by Teece et al. (1997) which indicates that there are three major dimensions: sensing (opportunity identification and assessment), seizing (mobilizing resources to capture value and take advantage of identified opportunity), and transforming (sustained revitalization or reconfiguration of the organization's tangible and intangible assets) that are vital competencies in the human resource that provide the organization with a competitive edge. Besides, these findings support the resource-based theory by Wernerfelt (1984) which posits that a company's performance and competitive advantage is determined by the company's intangible capabilities, resources or assets, and how management employs these resources to create an inimitable market edge. The findings from this study regarding the positive influence of talent management on organization performance of Jumia Kenya agrees with the findings by Brorström (2020) that talent management is another important SMP that entails acquisition, development and retention of the required quality and quantity of human resources to enable the organization attain its strategic objectives

The study also established that strategic communication at Jumia Kenya had a positive influence on the organization performance. According to the respondents, the key communication practices adopted by Jumia Kenya included increasing knowledge of the strategic plan and balanced scorecard at all levels of the company, ensuring that key players in the strategic plan's execution are engaged and committed, and educating all employees on fundamental balanced scorecard principles. The implication of this is that it enabled employees at all firm levels to be committed to the strategic plan and hence increasing the productivity. Furthermore, since Jumia Kenya always encouraged top executives and supervisors to include staff in the assessment and implementation of improvements, the implication is that this increases buy-in and reduces employee resistance, and thus increasing the possibility of attaining the objectives of the firm. These findings support the dynamic capabilities theory by Teece et al. (1997) which explains how companies may adapt to quickly changing environments by reconfiguring, integrating and building their capability and resource portfolios. The theory indicates that dynamic capabilities like strategic communications can empower the organization to develop, reconfigure and integrate external and internal capabilities to attain its organizational performance objectives and meet dynamically changing contexts.

The study determined that Jumia Kenya's talent management practices guaranteed that the human resources on hand are capable of carrying out the company's objectives according to its strategic plan. According to the respondents, Jumia's strategy and goals determine the amount and quality of human resources required for the company to attain its objectives. Furthermore, the respondents claimed that Jumia Kenya is continually looking to onboard or develop leadership capabilities in order to execute company plan, thus enabling it to have the right quality and quantity of human resources to enable it accomplish its organizational performance objectives. Additionally, the study respondents claimed that Jumia Kenya offers priority to high potential employees when it comes to development resources, which delivers the best outcomes for the company in terms of performance. When there are skill shortages, according to the respondents, the HR manager works as a consultant to the departmental or line managers. The implication of the talent management process by Jumia Kenya is that it enables the firm to have the right quality and quantity of staff so that the departmental teams attain their performance objectives. The findings support the resource-based theory by Wernerfelt (1984) which hypothesizes that strategic resources like talented employees enables a business to provide a one-of-a-kind product or service that its rivals cannot match, giving it a competitive edge that can enable it to have a sustainable above average organizational performance.

The study also determined that strategic governance by Jumia Kenya guarantee that the plan execution process is successful, therefore enabling the firm to attain its objectives. The study respondents indicated that strong leadership throughout the strategy formulation, implementation, and review phase guaranteed that business risk was decreased, and thus the firm enhances its probability of attaining its objectives. The implication of the strategic governance and monitoring is that it guaranteed that workers are constantly engaged and supervisors are productive, thus enhancing organizational performance. These findings agree with the findings by Noor and Theuri (2016), Mumbe (2019) and Phina (2020) who established that strategic governance is a critical SMP that positively influence organizational performance and competitiveness.

The study determined that quality assurance was another key SMP that had a positive influence on Jumia Kenya's organization performance, prioritizing quality assurance in

light of the study's results. The quality assurance system, according to the respondent, allows for auditing and ongoing improvement in the company's financial, technical, operational, and regulatory processes. Besides, Jumia Kenya, according to the respondents, is constantly developing quality assessment systems, identifying scenarios and techniques for service and product quality improvement, and informing the appropriate teams of the qualitative and quantitative test findings. The implication of quality assurance at Jumia Kenya is that it enables the firm to identify areas where service efficiency may be enhanced and thus enabling it to accomplish and surpass its organization performance objectives. These findings concur with the findings by Slabbert (2018) who determined that the process of monitoring all actions and responsibilities needed to attain a defined level of excellence in product and service quality enables a firm to mee the desired quality standards and performance. Besides, the findings concur with the findings by Williams et al. (2019) that quality assurances and a culture of continuous improvement asserts that the long-term success and performance of the organization by having all the employees in the organization to focus on enhancing quality and, as a consequence, delivering customer satisfaction.

The study determined that Jumia Kenya has a structured framework for the strategy plan's implementation, which enhanced the effectiveness of the strategic plan. The respondents posited that Jumia Kenya had a method to examine the progress of the firm's corporate and operational objectives by monitoring goals and indicators, as well as analyzing the results achieved, since the organization had particular KPIs. The results of the monitoring exercise were conveyed to appropriate departments for assessment and remedial action, according to the respondents. The implication of the monitoring and evaluating of the strategic plan's implementation is that it ensures that staff are performing as anticipated, are committed to continuous improvement, and have enough feedback systems to analyze real success versus KPIs, which in turn increase the possibility of accomplishment of organizational performance objectives. These findings support the findings by Slabbert and Mukhongo (2018) that monitoring and review of the strategic planning process is vital for organizational performance and sustainability. Besides, the findings collaborate the findings by Williams et al. (2019) that strategic monitoring and evaluation is an important practice that refines the strategic plan to make it relevant in changing circumstances and thus enabling the firm to attain its strategic objectives.

### **CHAPTER FIVE**

### SUMMARY, CONCLUSION, AND RECOMMENDATIONS

#### **5.1 Introduction**

This chapter presents the key findings from the study, the conclusions made after considering the key findings, and the study recommendations. Besides, the chapter encompasses the study's limitations and the suggestions for further research that are aimed at bridging the gaps left by the current study.

### **5.2 Summary**

The study's objective was to establish the influence of SMPs at Jumia Kenya on its organization performance. The study determined that the key SMPs adopted by Jumia Kenya included strategic governance, monitoring and review of the strategic plan execution, strategic communication, talent management and quality assurance. The implication of these findings is that effective application of SMPs is critical to enable the firm to attain its performance and strategic objectives. Regarding the organization performance of Jumia Kenya, the study determined that the firm employs BSC to assess its performance. The study findings further indicated that Jumia Kenya performed well in regards to customer perspective, learning and growth perspective and the internal processes perspective but was poor on the financial perspective.

The study determined that the SMPs adopted by Jumia Kenya had played a part in influencing organization performance of the firm. The SMPs of strategy leadership

enabled Jumia Kenya to define its strategic direction as well as strategic action that influenced Jumia's competitiveness. The key communication practices adopted by Jumia Kenya enabled employees at all firm levels to be committed to the strategic plan and hence increasing the productivity. The study further determined that Jumia Kenya's talent management practices guaranteed that the human resources on hand were capable of accomplishing the company's objectives according to its strategic plan. The study also determined that strategic governance by Jumia Kenya guaranteed that the strategic plan execution process was successful, therefore enabling the firm to attain its objectives. The implication of these findings is that a strong leadership throughout the strategy formulation, implementation, and review phase could guarantee that business risk is decreased, and thus the firm could enhance its probability of attaining its strategic objectives.

The study determined that quality assurance was another key SMP that had a positive influence on Jumia Kenya's organization performance. Since the study determined that Jumia Kenya is constantly developing quality assessment systems, and identifying scenarios and techniques for service and product quality improvement, the implication is that this enables Jumia Kenya to identify areas where service efficiency may be enhanced and thus enabling it to accomplish and surpass its organization performance objectives. Further, the study determined that Jumia Kenya has a structured framework for monitoring the strategy plan's implementation, which enhanced the effectiveness of the strategic plan and also the firm's organization performance. The study findings also established that Jumia Kenya had an effective system to examine the progress of the firm's corporate and operational objectives by monitoring goals and indicators, as well as analyzing the results achieved, since the organization had particular KPIs. The study findings also determined that the results of the monitoring exercise were conveyed to appropriate departments for assessment and remedial action. The implication of the monitoring and evaluating of the strategic plan's implementation at Jumia Kenya ensured that staff are performing as anticipated, are committed to continuous improvement, and have enough feedback systems to analyze real success versus KPIs, which in turn increase the possibility of accomplishment of organizational performance objectives.

#### **5.3 Conclusion**

The study concludes that the key SMPs adopted by Jumia Kenya, which are strategic governance, monitoring and review of the strategic plan, strategic communication, talent management and quality assurance, are vital for the organization's performance. Further, the study concludes that in the current strategic plan, the learning and growth perspective is the most vital for Jumia Kenya and much of the focus in the 2019 to 2023 strategic plan is on this perspective. On organization performance, the study concludes that Jumia Kenya has effectively attained its performance in the customer perspective, learning and growth perspective, and the internal processes perspective, but has underperformed in the financial perspective.

#### **5.4 Recommendations**

Based on the findings and conclusion of the study, the study makes the following recommendations. First, since the study determined that strategy leadership practice has a

positive influence on organizational performance, it is recommended that organization's board of directors should hire senior managers with strategic leadership competencies. Besides, Jumia Kenya and other firms in the e-commerce sector should have manager development initiatives to enhance strategic leadership competencies such as strategic thinking, strategy execution, strategic agility, and strategic communication.

Secondly, the study recommends to organization's senior management and board of directors to ensure that they have a formal strategic communications plan to enable effective communication about a firm's strategy to all its key stakeholders. Additionally, such as strategic communication plan should incorporate techniques, messaging and process of engaging all employees and key stakeholders in the strategy. Moreover, senior management should encourage communication flow in all directions and have effective platforms for bottom-up communication.

The study also recommends to Jumia Kenya and other firms in the e-commerce sector to engage in talent management to ensure that the human resources available are capable of executing the strategies of the firms. Key talent management practices that these firms should incorporate include developing key competencies that are required for success in the sector, giving priority to high potential employees in regard to development opportunities, and ensuring adequate quality and quantity in the talent pipeline.

The study also recommends to board of governors in firms to play their rightful role in strategic governance. The board of governors should ensure that business risk is reduced

by providing effective oversight to the top leadership during the strategy formulation, execution and review process. Besides, the board should always provide direction for the firm by providing vision and necessary support and expert knowledge to top management. The board of directors should always ascertain that the assets and resources of the firm are directed towards activities and process that provide value for the firm as per the strategic plan.

Lastly, the study recommends to senior management in Jumia Kenya, other e-commerce firms and all firms in general, to ensure that they have quality assurance mechanisms engrained in their strategic plans to ascertain that the envisaged quality standards are met or surpassed. Besides, the quality assurance frameworks should be robust to ensure that they have the capacity to inform continuous improvements in the company's financial, technological, operational, and regulatory operations. Considering the complexity and dynamism of the e-commerce sector, the study recommends to firms in the sector to have a formal mechanism of monitoring the execution of the strategic plan and have timely or real time communication of the findings to relevant departments for review and corrective action.

### 5.5 Limitations of the Study

This study provided evidence on the influence of SMPs on the organization performance of Jumia Kenya. However, the study had a few limitations which should be considered before generalizing these findings or applying these findings for policy and practice. First, the study was a case study of Jumia Kenya, which is an e-commerce firm. Therefore, the findings derived from this study may not be readily generalizable to other firms that are not in the e-commerce sector. Moreover, the study may have methodological limitations since it was a case study conducted through interviews. Though interviews provided an in-depth analysis of Jumia Kenya, they have limitations due to the possibility of bias from the interview participants. Besides, interviews lack an objective criterion for testing hypotheses.

The study also had some conceptual limitations since it only covered a few SMPs which included strategic leadership, strategic plan monitoring, strategic plan governance, talent management, strategic communication and quality assurance. The study did not include other SMPs such as entrepreneurial orientation, goal setting, total quality management, and social capital. The extent that these SMPs are adopted in Jumia Kenya is therefore not provided in this study. Moreover, the findings in the study can therefore not provide evidence on how the adoption of these SMPs at Jumia Kenya influence organization performance. Lastly, the study only focused on the influence of SMPs on organizational performance of Jumia Kenya and did not assess how the SMPs could influence the firm's competitive advantage.

### **5.6 Implications for Policy and Practice**

The findings from this study has provided valuable evidence of the impact of SMPs on Jumia Kenya's organizational performance, which have significant implications for policy, and practice. In terms of policy, the findings could inform policymakers such as the national government, county governments, and respective non-governmental enterprise development initiatives about the critical SMPs for SMEs and e-commerce organizational performance. This could then inform supportive policy and regulatory framework. Furthermore, the results of the research may has provided evidence of the valuable SMPs to policymakers at the SME level, guiding their policies on SMP adoption and implementation.

The outcomes of the research also have some significant implications for practice. The research provides evidence to Jumia Kenya's top management on the impact of SMPs on the company's organizational performance. Furthermore, the research details any shortcomings in SMPs that top management may address. Aside from Jumia Kenya's management, the research has implications for other SME leaders about the many SMPs that may be used in their businesses to accomplish their organizational performance objectives.

### 5.7 Suggestions for Further Study

The influence of SMPs on Jumia Kenya's organizational performance was investigated in this research. However, the study left a few knowledge gaps that necessitates further research. To begin with, the research was a case study of Jumia Kenya, an e-commerce company. As a result, the conclusions of this research may not be easily generalizable to other businesses that are not in the e-commerce industry. It is therefore suggested that a similar study be conducted in other firms in other sectors such as manufacturing, commercial services, logistics, and agriculture among others, to determine how adoption of SMPs in these firms influence organization performance. Furthermore, since this research was conducted through a case study, through unstructured interviews, another study is suggested which should apply other data collection methods such as questionnaires.

Further, because the research only included a few SMPs, such as strategic leadership, strategic plan monitoring, strategic plan governance, talent management, strategic communication, and quality assurance, it had certain conceptual constraints and further research is suggested. This further research should incorporate other SMPs such as entrepreneurial orientation, goal setting, overall quality management, and social capital and determine the extent these SMPs are applied and how they influence organization performance. Additionally, another study is recommended to determine how SMPs influence other vital outcomes of the firm, such as competitive advantage.

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### **APPENDIXES**

#### **APPENDIX I: INTERVIEW GUIDE**

# STRATEGIC MANAGEMENT PRACTICES AND PERFORMANCE OF JUMIA KENYA

- i) What is your highest education level?
- ii) How long have you served in your role?
- iii) How long have you been at Jumia Kenya?
- iv) Does Jumia Kenya have a strategic plan?
- v) How was the process of strategic planning conducted?
- vi) Does the organization engage in strategic leadership? How?
- vii) How are the strategy implementation responsibilities and activities shared and communicated to employees?
- viii) How does Jumia Kenya ensure that talent is managed effectively to effectively implement its strategies?
- ix) How does Jumia Kenya ensure that there is strategic governance?
- x) At Jumia, how is quality managed and who is responsible?
- xi) How does the organization monitor strategy implementation?
- xii) Does the company measure its performance in relation to;
  - a) Financial measures? Which
  - b) Innovation and learning measures? Which
  - c) Internal business process measures? Which
  - d) Customer perspective measures? Which
- xiii) Based on the company's performance in the past two years, how can you rate its performance based on the above four perspectives?
- xiv) How does strategic management practices at Jumia influence its organizational performance?

## APPENDIX II: SECONDARY DATA COLLECTION SHEET

Measure	2015	2016	2017	2018	2019	2020
Sales revenues						
Operating costs						
Gross profit						
Net profit						