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Influence of strategy implementation on the performance of agribusiness firms in Nyanza region, Kenya

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INFLUENCE OF STRATEGY IMPLEMENTATION ON THE PERFORMANCE OF AGRIBUSINESS FIRMS IN NYANZA REGION, KENYA

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DECLARATION

I declare that this dissertation has not been submitted for the award of a degree by Strathmore University or any other University. The dissertation contains no content written or published by any other person for academic purposes other than Strathmore Business School.

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ABSTRACT

Agricultural value chain development programs must result in lasting change in order to be deemed effective. The programs initiated either by public or private organizations may meet their objectives while in operation by improving agricultural development in terms of increased crop or animal productivity, improved competitiveness, performance of agri-food chains and poverty reduction. However, sustainability of these development initiatives for impact over time has been a challenge especially by agribusiness firms mandated to continue the sustainability strategies once the previous external resources are withdrawn. Strategy implementation is a critical element of strategic management in an organization. It is the transformation of plans into actions that translate into achievement of an organization's goals. Despite this critical role, implementation of strategy is a major challenge in many management teams, which has led to high rates of failure in attainment of strategic plans. It is not clear whether the firm elements that affect implementation of strategy and performance rank differently in the agricultural sector. The study aimed at establishing the influence of strategy implementation on the performance of agribusiness firms in Nyanza region, Kenya. Specifically, the study objectives intended to establish whether strategic consensus, firm structure and firm resource allocation influenced the agribusiness firm performance in Kenya. The study was anchored on the Higgins 8-S framework, which states that for successful strategy implementation, key internal firm elements must be aligned so as to accomplish the desired strategic outcomes. The study relied on descriptive research design. The unit of analysis was 100 business managers and business unit managers of agribusiness firms drawn from donor funded agribusiness firms. The study employed purposive sampling in the selection of the business managers and the business unit managers as the people responsible for strategy implementation in order to provide relevant data. The study obtained a response rate of 65%. The study relied on primary data which was collected by use of questionnaires. Data analysis of the collected data was performed with descriptive and inferential statistics and the results presented in tables. Based on the study variables, the results indicated that resource allocation presented a positive significant effect on firm performance than strategic consensus and firm structure which both had a negative effect on firm performance. The study suggested that agribusiness firms require to foster strategic consensus throughout the firm by engagement of personnel in the strategic formulation and have proactive leadership for control and coordination of tasks to support implementation of strategy. Furthermore, firms need to adequately allocate financial resources to tasks directed towards strategy implementation for enhanced firm performance.

Keywords: Strategy implementation, Firm performance, Agribusiness

DEDICATION

I dedicate this work to my supportive parents Margaret and John Echessa, for always encouraging me to go beyond my limits and to my lovely daughter Michelle Midega.

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ABBREVIATIONS AND ACRONYMS

CEO	Chief Executive Officer
FAO	Food and agriculture Organization
GDP	Gross Domestic Product
NGO	Non-Governmental Organization
SME	Small and Medium Enterprises

DEFINITION OF TERMS

Agribusiness — Agribusiness comprises of businesses associated with agricultural production, processing and supply of agricultural products.

Agricultural Value Chain — This is a sequence of activities with participants who are engaged in the process of value addition in transforming agricultural goods such as seeds, fertilizers and animals into food that reaches consumers.

Customer satisfaction — is the assessment of how a firm's services or products meet or surpass customers' expectations. It is the fulfillment customers derive from the business and is measured based on the level of satisfaction goals set by the firm.

Firm structure — refers to how responsibilities and activities are allocated, coordinated and supervised towards achievement of the firm's goals.

Financial performance — refers to the extent a firm utilizes its assets to generate revenues to achieve its financial objectives. It is a measure of the results of a firm 's operations and policies in monetary terms.

Resources — are an organization's source of capability for developing or advancing competitive position.

Strategy implementation — Strategy implementation is a disciplined process of carrying out a plan through systematic logical activities in order to meet a certain objective.

Strategic Consensus — is the common shared understanding of the strategic goals of an organization.

Value Chains — Value chains are all the activities that are required to bring a service or a product from conception through the different stages of production, which involves physical transformation and input from various producer services, to its delivery to the final consumers and thereafter disposal after use.

CHAPTER ONE

INTRODUCTION

1.1.Background information

The chapter provides the background of the study, status, operational definition of the study variables, that is, strategy implementation and firm performance, followed by an overview of the agribusiness firms in Nyanza, Kenya. The chapter then provides the research objectives, scope of the study and significance as well as the contribution of the research study to practice and theory.

The strategic management process comprises of three major steps, that is, strategy formulation, implementation and evaluation (Hunger & Wheelen, 2010). Strategy implementation being the second step, is considered by many managers and scholars as the most challenging and difficult process (Sage, 2015; Sial et al., 2013) . Several businesses have well thought out detailed business strategic plans to drive business results; however, it is estimated that 80% of these strategies fail at the execution stage (Cater & Pucko, 2010). Hrebiniak (2013) also postulated that strategies are meaningless without effective implementation.

Organizations operate in challenging and competitive environments as a result of rapidly increasing globalization and development of new technologies (Hitt et al., 2010). This affects their performance. Therefore, in order for organizations to stay competitive and sustain growth, they have to take up strategic management concepts in their operations for management efficiency and improved performance (Shala, 2012). Organizations that enforce strategic management practices do achieve sustainable competitive advantage over organizations that do not.

Agri-food markets are growing rapidly and are creating opportunities due to globalization, expansion of markets and trade, diet diversification and increasing incomes. According to the World Bank, (2013), Africa's agri-food markets are projected to reach $ 1 trillion by 2030. Adaptation to these changes requires greater value creation, value chain coordination and improved business environment within which the value chains operate. This is all possible through agribusiness development. The agribusiness sector has proved to have a key role in making this link possible with the investments, inputs and technologies the sector provides. Improving the agribusiness sector and agriculture means there will be higher incomes, generation of employment, food security and nutrition (FAO, 2017).

Agriculture's role in the Kenya's economy can never be over emphasized, as it is the key driver of the country's economy. As of 2018, the sector accounted for 31.5% of the GDP, producing over 50% of the total export revenue from exports and having 75% of the country's labour force, this is according to the Kenya National Bureau of Statistics (2019). Kenya Vision 2030 shows that agriculture as a sector is intended to bring about 10 percent annual economic growth (RoK, 2008). The government realizes that this sector is an important vehicle in its goal of achieving food security, creation of employment, poverty reduction and overall economic growth.

The sector is comprised of a vibrant private sector with large, micro, small and medium agricultural enterprises which play a vital role in linking small holder farmers to national markets, provide food supply and creating employment (Kenya National Bureau of Statistics, 2014). The agribusiness sector as an engine for growth is increasingly getting attention in terms of policy and strategy formulation in order to promote investments and value chain development. Despite this move to transform the sector, it has not yet attained its full potential. The study was focused on strategy implementation in agribusiness firms and how this affects their performance.

1.1.1. Strategy Implementation

Strategy implementation is a disciplined process of putting forth a plan through systematic logical activities in order to meet a certain objective (Hrebiniak, 2013). It is an action phase involving extraction of information from the strategic plan, breaking down the complexity of it into daily actionable tasks and activities and cascading down the responsibilities to the organization's members to carry out the roles in order to meet the performance targets (Thompson et al., 2010). To achieve this, an organization's leaders must determine the internal state necessary to successfully execute the strategy, then develop the environment that matches the requirements for successful implementation. This involves resourcing the laid out strategy by correctly configuring the organization from the structure, skills and culture in order to fit the strategy and also manage change so as to position the organization for a successful outcome (Hrebiniak, 2013). According to Hitt et al., (2010), the process also involves various management activities in order to put the strategy into action and putting in place strategic controls for monitoring of the progress in achieving the organizational goals. Managerial activities in the process includes strong leadership, managerial appraisal, motivation and compensation and control processes.

Implementation of strategy is deemed successful when a firm achieves its formulated plans and targeted performance goals (Thompson et al., 2010). The five broad categories of low success rate in implementation has been attributed to problems in strategy formulation, leadership, change management, culture and organizational structure (Cater & Pucko, 2010). Drivers for successful strategy implementation have been identified by previous research in promoting the effectiveness of the process and achieving the desired outcomes. These drivers are organizational factors that are critical and have a major role in strategy implementation as they determine the success or failure of a firm's strategy and strategic performance. The factors include a firm's strategy, structure, systems, shared values, resources, staff and leadership styles (Higgins, 2005). According to Higgins (2005), success in strategy implementation can only be achieved when these factors are aligned.

Strategic consensus is the common shared understanding of the strategic priorities of an organization (González-Benito et al., 2012) . An organization's strategies must be articulated clearly, accurately understood and accepted by the employees in order to accomplish the desired goals. This firm element is key because interpretation of a strategy can be in numerous ways. According to Kathuria et al., (2016) , even top management of organizations do not always agree on their organization's priorities because strategies involve on going transitory decisions that can be interpreted in different ways. The reality remains that several organizations struggle in the implementation of their strategies because the organization's strategic direction is not often clear to employees (Galunic & Hermreck, 2012; Martin, 2010).

Strategic consensus is important both during strategy formulation and implementation as it improves coordination and cooperation during these processes (Porck, 2013) . It is connected to successful strategy implementation and increases the performance of an organization compared to organizations that lack clarity about their goals and direction (Kellermanns et al., 2011). The top management teams must have a shared comprehension of the organization's strategic priorities as the leaders have the key responsibility in transmission of strategic objectives and priorities throughout the organization for supportive actions towards the overall strategy. Walter et al., (2013) further elaborated that when top management show consensus on the strategic priorities, they are more aligned in the achievement of the set objectives and also in resource allocation. Therefore, it is important to have strategic consensus development so as to empower an organization's decision-makers (Martin, 2010).

Organizational structure comprises of the hierarchical lines of authority, responsibility, accountability and communication that enables a firm to mobilize people together, resources and functions in the effort of attainment of organization goals (Hill & Jones, 2012) . It is a framework for overseeing the various organization's activities and gives an overview of the resource allocation and decision-making process. Higgins, (2005) in the development of the Higgins 8-S framework for strategy implementation, postulated that organizational structure comprises of five parts, that is, the different jobs, the grouping of the jobs, the authority in conducting the jobs, mechanisms of coordination of the work done and levels of control. A correct organization structure is one which clarifies how duties are determined with coordination and interaction mechanisms that are required for proper functioning of the organization. Structures depend on an organization's objectives, environment, rate of growth or change, stage of development, technology employed, type of industry, size of the organization and among other dynamic factors that represent different construct (Tran & Tian, 2013) .

Organizational structure is the construct within which implementation of strategy should occur in the realization and achievement of organizational goals (Hill & Jones, (2012) . This is because the structural components of an organization are a means of facilitation of translation of the firm's policies and strategy to actions by coordination of activities within the organization. Organizational structures are influenced by the firm strategies therefore the structures should be designed to accommodate and fit the intended strategy as well as emergent strategies. Numerous research studies have been carried out on the relationship between organizational strategy and structure and all have determined that failure in strategy implementation can be linked to weak coordination of activities, realignment of roles and accountabilities (Kotter, 2014) . Therefore, an appropriate organizational structure has to align with its strategic objectives and is thus critical for successful strategy implementation as it helps in development of capacities required to implement set strategies. Management and leadership of organizations have to identify ideal structures for their organizations for achievement of organizational goals and objectives.

An organization's resources are its source of capability for developing or advancing competitive position and provides the foundation for strategy formulation and implementation (Barney, 1991). The key resources are categorized into four, that is, people, finance, information and technology. Allocation of the required resources for strategy implementation is important as this determines success or failure in the implementation stage. Furthermore, the potential of firm resources to create economic value is only realized when they are aligned to the firm strategy (Barney & Hersterly, 2010; Mugera, 2012; Wernerfelt, 1984). Human resource of a firm describes the human capital's capabilities and competencies to carry out specific responsibilities and activities. People as a resource in a firm are important in achievement of a firm's strategies (Higgins, 2005; Osman et al., 2011; Wong et al., 2013). Their levels of skills and expertise assist in the realization of the firm's objectives which contributes to performance (Barney, 1991; Diaz-Fernandez et al., 2014). According to Mintzberg et al., (2009), organizations with competent employees are more successful in implementation of strategy compared to organizations lacking strategy skills. The researchers further postulated that competencies act as the glue that connects and binds existing organization operations and as well as the fuel for new business development. Development of human capital is thus important so that a firm can sustain growth overtime in a dynamic competitive environment (Teece, 2014; Wright & McMahan, 2011).

Staff skills especially that of leadership of an organization is vital in the implementation process of strategy as it is the role responsible for translating strategy into actions and results (Ouakouak & Ouedraogo, 2013) . Management's level of skill is critical in achievement of a firm's strategic goals because they are responsible for the strategic direction of the organization (Grant, 2013). Lack of expertise of the firm management is one of the factors that causes business failure. This is true especially for firms that lack specialized management skills. Boehlje et al., (2011) showed that firm performance is influenced by the level of management expertise. Strategic management is a specialized field different from other management fields which are concerned with tactical activities of a firm. The discipline gives a clear long-term perspective and purpose of a firm and its direction positioning it for success over its competitors (Stacey, 2011). Research has shown managers who lack knowledge and skills in strategic management are often un able to succeed meeting set objectives as most of them only have skills in general firm operations. Dominic & Theuvsen (2015) established that management expertise is important for strategy implementation. Top management set and give direction to strategy formulation, implementation, control, monitoring and evaluation. Therefore, successful implementation of firm strategy significantly depends on leadership.

Finance and allocation of it is crucial for effective implementation of strategy. The formulated strategy should be financially feasible for the organization because strategy implementation activities attract a level of expenditure in order to be carried out successfully. A study conducted by Wang, Lee, Wang, & Chu (2009) on the expenditure organizations utilized from strategy formulation to the implementation process, revealed that organizations that were successful in implementation of their strategies had spent more financial resources at the implementation stage. Allocation of financial resources, also referred to as budgeting, in order to support designed strategies must be allocated appropriately to the business units according to their strategic roles, contribution and production of the desired outputs (Zaribaf & Hamid, 2010).

According to Kihn (2011), budgetary targets are financial plans, estimates and forecasts of the future outcomes and financial allocation may require acquisition of new resources or shifting of finances in order to support the strategic goals. Resources are not in themselves enough to achieve firm performance but in how they are used (Penrose, 2009). The implementation of strategic actions by managers is effective when directed to leveraging and deployment of the key firm resources in order to maximize returns. The research study contextualized strategy implementation in terms of strategic consensus, structure and resource allocation within agribusiness firms in Nyanza region of Kenya. The variables were employed because the context of the strategy implementation of the donor- funded firms was driven by these major variables, that is, strategy ownership which reflects on strategic consensus on the funded agricultural development activities and overall goals, firm restructuring for performance of the implementation activities and appropriate resource allocation for facilitation of the activities.

1.1.2 Firm Performance

Performance is the resultant outcome of all operations and strategies of a firm (Venkatraman & Ramanujam, 1986) . It involves the monitoring of the firm's strategic activities at each firm level, making of necessary adjustments and measuring the outcome based on the performance indicators. Measurement of this outcome depends on whether the performance metrics and indicators set out in the strategic plan match or are exceeded by the results. The main goal of implementation of strategy is to bring formulated plans into activities and actions that translate to the desired outcome. Lack of attainment of this signifies a short fall in performance in achievement of the set objectives. This could be due to poor strategy implementation or implementation of a bad strategy.

The concept of performance forms the core of strategic management and measurement of it is critical in performance management. Through measurement of performance, management can obtain invaluable information that allows for monitoring of performance, progress, improvement of motivation and communication as well as identification of challenges. Performance is measured by use of non-financial and financial indicators. Various research studies have identified these firm performance indicators which can be unidimensional or multidimensional, comprising of determinants and representations of firm performance. These determinants are profitability performance, market value performance, growth performance, employees' satisfaction, customers satisfaction, environmental audit performance, environmental performance social performance and corporate governance performance (Santos & Brito, 2012; Selvam et al., 2016) . Each determinant represents a dimension of the overall outcome of an organization and also each is constituted by a certain set of indicators.

A number of performance measurement models and frameworks have been developed over time comprising the different determinants of performance (Bititci et al., 2015) . The models include the Dupont Model, Strategic measurement analysis and reporting technique (SMART), the performance measurement matrix, the performance measurement questionnaire, the results and determinants framework, Cambridge performance measurement, pyramid of organizational development, the performance prism, integrated performance measurement model, the balanced score card and the business excellence model.

The Dupont model which was developed by Dupont Corporation in 1920 establishes an association between financial ratios such as return on investment, equity, net assets and operational indicators. The model only focusses on financial measures for firm performance. SMART is a performance measurement model that incorporates both organizational objectives with operational performance measures in addition to the financial measures. Also referred to as the performance pyramid, it was formulated for improvement of performance measurement over the older traditional measures. The four levels of the pyramid comprise of the organizational objectives and their measures which include the corporate vision and strategy, financial and market performance measures for business units, cost for each department and customer satisfaction. The model's weakness is that it does not provide a mechanism for specifying key performance indicators in comparison to the balanced score card.

The balanced score card is a performance measurement tool which is a framework for management and implementation of strategy (Kaplan & Norton, 1996). It measures performance on four critical perspectives, that is, on financial, customer satisfaction, internal processes and learning and growth perspectives. The financial perspective comprises of profits, sales, return on investments and return on assets. The customer perspective measure refers to the firm's customers and how the value offered by the business fulfills them. Internal processes measure shows how well a firm runs its business process for delivery of services and products to meet its customers' requirements while the learning and growth perspective measures how well a firm improves for more value creation. The measures of these key indicators translate to a firm's efficiency and effectiveness. According to Kaplan & Norton (1996), the use of both the financial and operational measures gives a comprehensive view of the business in terms of efficiency and effectiveness of a firm's activities towards the successful achievement of the set strategic objectives.

Financial performance represents how a firm is able to manage its current and non-current assets, equity financing, expenses and revenues for generation of higher profitability and net worth of the business for its shareholders (Horne & Wachowicz, 2016). It is a measure of an organization's activities, policies and operational outcomes in financial terms. There are numerous ratios that are used in measurement of an organization's financial performance, which includes profitability ratios, solvency ratio, liquidity ratio, leverage ratio and efficiency ratio. These are objective measures that evaluate the relationships between performance indicators over each other and expressed mathematically. The financial performance measures are important for better decision making on increasing profitability and management of risk in a firm.

Organizations measure customer satisfaction on products and services provided by the extent to how much they match customers' needs and expectations. Customer satisfaction is an important metric used in the measurement of a firm's competitiveness and firms must understand customers' needs so as to provide the required quality and value to them (Grigoroudis & Siskas, 2010). The value proposition to the customer is based on the products' or services' price, quality, availability, functionality, service delivery and branding. Several studies have shown that there is a correlation between customer satisfaction and financial performance, which indicates that an increase in customer satisfaction leads to a commensurate increase in the volume of cashflow and decreased risk related to cash flow in a firm (Grewal et al., 2010).

Richard et al., (2009) postulated that when several determinants and dimensions of firm performance exists, a researcher should choose the determinants that are most relevant to their research and also judge the outcomes of that choice. The study adapted the balanced score card for performance measurement because it provides a balanced set of strategic goals compared to the other performance measurement models that may have more than the four perspectives or modified aspects depending on the nature of the business. The research study also used two performance measures adapted from the balanced score card model, that is, financial and customer perspectives, because these measures were the performance measurements to the strategic objectives of the agribusiness firms. Measurement of the variables was through the perceived subjective evaluation from the perspectives of the firms' business managers and business unit managers.

1.1.3 Agribusiness firms in Nyanza Kenya

Small and medium firms contribute to the Kenyan economy by creating employment, enabling investment distribution and reduction of poverty. The businesses constitute 98 percent of all businesses in Kenya, which create 30% of jobs annually and contribute to 3% of the GDP (Kenya National Bureau of Statistics, 2014) . The sector comprises of businesses in manufacturing, transport and communication, wholesale and retail, insurance, construction, social sciences and agriculture. Agriculture as the key economic growth sector of the country and is comprised of small and medium firms that provide value addition to agricultural products, employment opportunities and establish marketing channels for products produced. The agribusiness firms comprise of a number of businesses operating at different levels which add value to the agricultural produce or provide services either by buying, selling, processing, transporting, storing, checking and packaging.

The country's strategic blueprint for growth and development, that is, Vision 2030 (RoK, 2008), states that the agro-industrial sector is the key sector that requires to be strengthened for achievement of the country's economic growth. Despite this role that the agribusiness sector has in Kenya's economy and the initiatives driven to support it, the firms within are underperforming due to numerous challenges they face such as lack of credit and finance, rapid technology changes and low adoption, inadequate managerial training, new laws and regulations that limit growth, inadequate knowledge and skills, poor infrastructure and inadequate support from the government (Deloitte, 2016) .

The sector receives minimal budgetary allocation from the government expenditure, which has also decreased over time. At present, the allocation is 2.9% , which is below the recommended 10% allocation from the total national budget for agricultural development (Kenya National Bureau of Statistics, 2019). Additional resources are important for realization of the growth potential of the sector. Kenya, among other developing countries, receives foreign assistance from individual governments, multilateral and bilateral donors, international and domestic private sector for agricultural development. Donor agencies contribute about 67% of the total allocated funding for agriculture, which accounted to $ 1.6 billion in 2010 (Development initiatives, 2012). Support spans from different agricultural initiatives from waster and irrigation, training in research, technical training in food production, livestock farming, natural resource management and agribusiness which have helped in improvement of agricultural productivity and food security. However, the level of donor support is not commensurate with the level of agricultural development that is realized once the donor resources are withdrawn. Sustainability of the investments in both economic and social infrastructure is low and this has been attributed to lack of human resource capacity for management of the investments, insufficient transparent accountability, stakeholder engagement that does not yield ownership, government bureaucracy, disagreements among beneficiaries and social-cultural obstacles (Muthama, 2015; Ouma, 2012). Research on factors influencing strategy implementation from the public sector has been conducted, however, few research studies have been carried out in the sector on strategy implementation by donor-funded private sector business entities.

The agribusiness firms in focus for the study were strategically located and linked to farmer networks in production zones in the region, for long term delivery of agro inputs, extension services, marketing and value addition. The businesses were funded by international non-governmental donor agencies for agricultural development and managed by local business owners for profitable business growth and for the development of value chains. Kenya's land area is categorized into six agroecological zones based on landform, soil and climatic characteristics of which 18% has a high to medium agricultural potential and the rest being arid and semi-arid land (FAO, 1996). Nyanza region represents one of the regions in the high agricultural potential zones which contributes to agricultural productivity of the country and which receives donor support for agricultural development. The research study investigated the influence of strategy implementation on the performance of agribusiness firms in the region, the focus targeted on donor funded firms in order to address the strategy implementation gap of agricultural development initiatives by local firms as intermediaries for sustainability.

1.2 Statement of the Problem

Declining rate of agricultural performance is a concern in Kenya. Over the years, contribution of the sector to the country's GDP has declined from 40% in 1963 to 31.5% in 2017 (Kenya National Bureau of Statistics, 2018) . World Bank (2013) as well reported that Africa's agribusiness and agriculture are and falling short of their potential. Despite the efforts made by the Ministry of Agriculture and development organizations, agricultural potential of the country has still not been exploited to the full. Full exploitation has largely in part been hindered by slow agribusiness development in the implementation of good policies, establishment of strong public-private partnerships along the value chains and lack of sustained public-private investment (World Bank, 2013). This problem has negatively impacted agricultural development for a higher contribution to the economic development of the country. There is a high correlation between the country's economic growth and agricultural development which means that a decrease in agricultural development has wide implications resulting in unemployment, income inequality and food insecurity for the country (World bank, 2016).

A possible cause of this problem is poor strategic management practices of firms in the sector translating to failure in the achievement of agricultural development objectives. A key component of the strategic management process is strategy implementation. Several researchers have noted the importance of strategy implementation as a critical process and essential factor for the survival and success of any business organization (Sial et al., 2013). Successful implementation of a well-planned out strategy gives an organization a competitive edge and better performance (Awino, 2013). Despite this critical role in the achievement of an organization's objectives, implementation of strategy has been a difficult task management teams face in enforcing throughout an organization. Myler (2012) determined that 65% of organizations have strategic plans, 14% of staff understand an organization's strategy and less than 10% of all organizations implement strategy successfully. Failure in implementation has been attributed to a number of reasons from research. Köseoglu, Barca, & Karayormuk (2009) categorized the sources of failure into three categories, that is, organizational, managerial and individual issues which all comprises of weak management roles, lack of commitment to the strategy, lack of communication, misunderstanding and unawareness of the strategy, poor allocation of responsibilities and coordination, inadequate alignment firm resources and systems, uncontrolled environmental factors, inadequate capabilities and competing activities. There is still an existing literature gap in the agribusiness sector in Kenya on strategy implementation for sustainable value chain development. The study sought to bridge the existing gap and focused on investigating implementation of strategy and organizational performance of agribusiness firms in the Kenyan context.

Locally, research has been conducted on the influence of strategy formulation on performance of the agribusiness sector in Kenya. Ombajo & Muchibi, (2017) carried out a study on the effect of strategic management on the performance of agribusiness firms in Kakamega county, Kenya, the main research area was on strategy formulation. The study did not focus on the effect of strategy implementation on performance and concluded only on strategy formulation having a strong effect on the performance of agribusiness firms and also recommended that the formulated strategic plans must be inclusive of all the stakeholders in the firm for successful implementation. Moeva, (2007) in his research, investigated on the challenges facing implementation of a sector wide agricultural strategy within the public sector in Kenya. The study revealed that the challenges of implementation was due to lack of awareness and ownership of the strategy, performance management, resource allocation, leadership and organizational culture. Little attention has been paid to implementation of strategy by business entities in the agricultural sector for sustainable development of value chains in Kenya, more research having been done in several industry sectors such as the banking, insurance and SMEs in manufacturing sectors (Kihara et al., 2016; Mbae, 2018; Ngenoh, 2013) .

Although prior studies have addressed influence of strategy implementation on firm performance, it is not clear whether the firm elements that influence implementation of strategy and performance rank differently in the agricultural sector. It is therefore worthwhile to have a research study to establish and understand the relationship between elements of strategy implementation and the performance of agribusiness firms as well as establish why agribusiness firms are not productive and competitive as they should be in order to stimulate faster economic development for the country. A correlation designed study helped to investigate and understand this relationship. The aim of the research study was assessment of the influence of strategy implementation determinants on agribusiness firms' performance in Nyanza, Kenya. This was crucial considering the unique and important role agribusiness firms have in Kenya's economy. Emphasis was put on evaluation of the correlation of a firm's strategic consensus, structure and resource allocation to performance.

1.3. Research Objectives

1.3.1. General Objective

The general objective of the research was to establish the influence of strategy implementation on performance of agribusiness firms in Nyanza region of Kenya.

1.3.2. Specific Objectives

i. To establish the effect of strategic consensus on the performance of agribusiness firms in Nyanza region.
ii. To determine the effect of structure on agribusiness firms' performance in Nyanza region.

iii. To find out the effect of firm resource allocation on performance of agribusiness firms in Nyanza region.

1.4. Research Questions

i. What is the effect of strategic consensus on the performance of agribusiness firms in Nyanza region?
ii. What is the effect of structure on performance of agribusiness firms in Nyanza region?
iii. What is the effect of resource allocation on performance of agribusiness firms in Nyanza region?

1.5. Scope of the Study

The scope of the research was limited to establishment of the influence of strategy implementation on performance of agribusiness firms in Nyanza region of Kenya. Strategy implementation was measured by firm's strategic consensus, structure and resource allocation while firm performance was measured by the level of financial and customer satisfaction. The geographical scope of the research study was Nyanza region, targeted to four counties, that is, Migori, Kisumu, Siaya, and Homabay counties. The target population comprised of partially and fully funded firms whose activities were supported by the external sources of funding. The respondents were selected from the agribusiness firms implementing donor- funded agricultural development initiatives sponsored by international agencies through the local agribusiness firms as intermediaries as of January, 2019. This was in exclusion of firms supported by locally generated funding from the government of Kenya. The study adopted descriptive research design and employed descriptive and inferential statistics for data analysis.

1.6. Significance of the Study

Policy makers in the agricultural sector have a better understanding the factors of strategy implementation which influence agribusiness firm performance that slow down contribution of the sector to the economy. This is aimed to enable the government, as a policy maker to initiate reform for capacity building of agribusinesses to support strategy implementation for improved performance of the sector.

The study findings provide insights to practitioners in agribusiness sector, particularly firm owners and management teams in understanding the internal firm factors that affect strategy implementation which ultimately influence their firm performance. This enables identification of weaknesses and action areas for better positioning in achievement of firm objectives, intended outcomes and results. The study also gave insights to potential agricultural development investors and donors in further comprehension of internal business strategic management factors that impact success of agribusiness firms that are mandated with project strategies. An understanding of this is necessary in strengthening and closing of the strategy implementation gap of agricultural development initiatives for impact sustainability beyond project life.

Scholars in strategic management field benefit from the research findings as it provided additional empirical evidence on the existing body of knowledge in successful strategy implementation. The research study as well contributed to the Higgins 8-S theory advancement by provision of the empirical evidence that validated the theory and further provided recommendations for practical implementation of the theory concepts in firms for enhanced performance. The recommendations made for further research studies would broaden the knowledge in strategy implementation and performance of firms. The study also added to the present empirical literature on strategy implementation and firm performance in the Kenyan context.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter discusses scholarly literature related to the study. It reviews the theoretical and empirical literature in relation to the study area, that is, implementation of strategic plans in an organization. The chapter also presents a conceptual framework indicating how the independent variables link to the dependent variables as well as the research gaps that exist.

2.2 Theoretical Review

A theory is a framework or concept that serves as a foundation and guide of the whole research study and assists in the understanding of the topic of interest (Serakan, 2013). The study was anchored on the Higgins 8-S framework.

2.2.1 The Higgins 8-S framework of strategy implementation

The Higgins 8-S framework is a revised version of the McKinsey 7-S model which originated from Peters and Waterman in 1980. The McKinsey model is a strategy implementation tool that has been widely used by practitioners and scholars to analyze a firm's organizational design by focusing on seven key internal firm elements that are required to be aligned in order to achieve firm objectives. The seven elements comprise of the firm's strategy, systems, structure, style, shared values, staff and skills (Waterman et al., 1980). All the seven elements are interconnected and a change in one element requires a change throughout the organization in order for it to function efficiently. Application of this framework also during strategy formulation assists management to plan on organizational changes that will enable successful strategy implementation.

Higgins, (2005) revised the McKinsey framework to enable management to efficiently and effectively manage across the strategy implementation process. The researcher established that strategy implementation is as important and critical as its formulation and firm executives who spent more time on the implementation stage were successful in achieving strategic objectives. The main difference between the two frameworks is the addition of an additional element, that is, strategic performance. Strategic performance is the targeted outcome to be achieved based on the strategic objectives. According to Higgins (2005), this element guides management teams on what is required or to be achieved. Strategic performance can be used in several different ways from the formulation of strategic goals to result measurement.

The Higgins 8-S framework also replaced the 'S' of skills in the original McKinsey framework to re-Sources. Higgins postulated that in today's fast changing business environment, the 'Skills' element in Peters and Waterman's framework, denotes core organizational competencies and capabilities which fall under the category of 'Strategy' in the framework. Therefore, the researcher postulated that addition of the element re-Sources is important as an organization cannot implement strategies successfully without resources which comprises of finance, technology, information and any other necessary management system.

The seven contextual elements must be well aligned in order to achieve the desired strategic performance. Strategy and purpose element refer to the formulated plans of an organization to achieve a particular purpose. Purpose comprises of an organization's vision, mission, goals and strategic objectives. Any change in an organization's purpose requires a change in strategy. Higgins, (2005) established four types of strategies, that is, corporate, business, functional and process strategies. The corporate strategy depicts the core business of an organization, that is, what it will be involved in and the manner in which business will be conducted. The business strategy defines how a firm in an industry or sector will gain competitive advantage over its rivals. The functional strategy on the other hand, aligns with the business strategy by providing support functions such as human resource, marketing, finance, research and development. The process strategy is focused on integration of an organization's processes aimed at improving its efficiency and effectiveness. Effective strategy implementation comes about when an organization's functional areas exhibit a shared understanding of the organization's strategic priorities, whereby the interpretation of the strategy aligns from the top management team to all the personnel at all levels of the organization.

Structure consists of five parts that must be considered for successful accomplishment in implementation of strategy, that is, the jobs undertaken, the authority in carrying out the jobs, the groupings of the jobs, the manager's level of control on supervision of the work done and mechanisms of coordination in ensuring jobs are performed well in the achievement of set objectives. Success is determined by how well an organization is structured along its business strategy. Systems and processes are the formal and informal procedures and policies that are used in an organization to execute daily activities. The procedures enable an organization to manage different areas such as planning, budgeting, resource allocation, human resource, quality control, information and technology. The style element describes an organization's management's approach in dealing with its employees and stakeholders. It is the way in which the management treat its employees so as to successfully achieve the firm's objectives.

Staff refers to the human resource necessary in the achievement of the strategic goals. This includes aspects of career management, staff training and promotion of employees. Re-sources as asserted by Higgins, (2005) comprises of finance, human resource, technology and required management systems that are necessary for the implementation of strategy. The shared values element is the organization's culture that is shared by the organization's employees, which distinctly makes the organization different form the other organizations. Lastly, strategic performance is the aggregate derivative of the seven elements, which the results obtained by the organization as a whole and as a measurement of success or failure of the organization.

The Higgin 8-S framework provides the structure for strategy implementation and assists management in navigation within their organization. It also shows how everything an organization carries out is grounded on key firm elements. The role of the theory in the research study was to provide the basis from which the study's variables were conceptualized which are part of the constructs of the framework and on which the study was anchored on in examination of the extent of their influence on agribusiness firm performance in Kenya. The framework was also applicable to the research study which explained the internal firm elements that must be aligned and showed how the study's variables, that is, strategic consensus, firm structure, resources and strategic performance are linked to the other firm elements for successful strategy implementation. Therefore, the theory was a representation for all the variables in under study and was useful in understanding how the internal firm elements work together in the strategy implementation process to achieve the desired performance.

2.3 Empirical Review

The section reviewed relevant empirical literature based on the research objectives.

2.3.1 Strategic Consensus and Firm Performance

Ouakouak and Ouedraogo (2013) investigated employee alignment and the relationship between strategic planning and firm performance. The study targeted European firms and sampled 372 firms from the countries. The research utilized primary data which was collected by use of questionnaires. The data collected was analyzed through descriptive and inferential statistics in determination of the association between the study's variables and performance. The hypothetical relationships were tested by structural equation modelling technique. The results revealed that employee alignment played a key role between strategic planning and firm performance. The study informed on the important aspect that managers must pay close attention to employee alignment during strategy design and implementation. This can be achieved by ensuring convergence between employee objectives and the firm's objectives which lead to good work coordination and more satisfaction which ultimately leads to strategic success. The study however conducted a case study of European firms and utilized qualitative research design whereas the current study utilized quantitative research design and was focused on agribusiness firms in Kenya.

Buijs and Langguth, (2017) examined strategic consensus establishment in a merged organization in Sweden. The aim of the study was to gain further understanding on strategic consensus building and effect on strategy implementation after organizational change in a merged organization. The study employed a single case study design and conducted interviews with 12 senior managers and 5 departmental managers for data. Analysis of the data was through content analysis. The findings postulated that consensus on strategic priorities of a newly merged organization is essential for its development. The study also pointed out three enablers of strategic consensus establishment to be transparency, communication and agility. Vertical communication of a firm's purpose of existence bridges the gap on execution of strategic goals while transparency creates shared understanding of the reasoning behind the decisions made which builds strategic consensus in an organization. Agility enable the senior management in adaptation to the organizational change. The study examined strategic consensus in a single merged organization whereas the current study was focused on multiple non-merged organizations with a common strategic objective. The research also did not investigate the relationship between strategic consensus and performance, which the current study investigated.

While other research studies have investigated a direct relationship between strategic consensus and performance of firms, other scholars such as Brinkschröder (2014) conducted a study on key factors that affect strategy implementation of firms in Germany by examination of the interplay of other elements that influence the strength of the association between strategic consensus and performance of firms. The study variables under investigation were strategic consensus, structure and behavior leadership. Data collection was through semi- structured interview and analysis was through content analysis. The study established that the interplay of the three variables are key for effective and successful strategy implementation and are accountable for the performance of an organization. The researcher recommended that the multiple aspects and connections between the factors should be considered for effective strategy implementation. The study examined this relationship in various industries whereas the current study's scope was limited to agribusiness firms and adopted a quantitative research design.

In view of the above studies on strategic consensus and performance of firms, other studies have revealed both positive and contradictory findings. González-Benito et al., (2012) examined strategic consensus and its relationship with organizational manufacturing companies' performance in Spain. The study analyzed competitive method consensus, that is, how a firm chooses to compete and consensus on firm objectives, which are the results an organization targets to achieve. Data collection was conducted by use of questionnaires administered to 102 managers. Analysis of data was through descriptive and inferential statistics. Hypothesis testing for the mediating and moderating variables and their relationships with the study variables was through model testing. The research results indicated strategic consensus is affirmatively correlated to the organization's performance and that competitive method consensus relates to performance through the mediating effect of consensus on the firm objectives. The results further postulated that environmental dynamism also served as a moderating effect on the relationship of strategic consensus and performance, revealing that the relationship is positive in less dynamic environments and becomes negative in environments that are more dynamic. The research focused on firms in Spain and used a dual approach of examination of consensus, that is competitive method consensus and consensus on objectives, whereas the current study investigated one aspect, that is consensus on objectives of multiple agribusiness firms in Kenya.

Ombajo and Muchibi (2017) conducted a research study on the influence of strategic management on the performance of agribusiness firms in Kakamega county, Kenya, the main research area being on strategy formulation. The study employed descriptive survey research design and primary data was collected from 70 small scale agribusiness firms by use of structured and unstructured questionnaires. Descriptive statistics was utilized for data analysis. The findings revealed that strategy formulation had a strong influence on performance of agribusiness firms and also recommended that the formulated strategic plans must be inclusive of all the stakeholders in the firm for successful implementation. The study however did not also focus on impact implementation of strategy on firm performance whereas the current study was focused on influence of firm strategy consensus, structure and resource allocation on strategy implementation in agribusiness firms in Nyanza, Kenya.

O'Reilly et al., (2010) investigated on the correlation between organizational alignment of leadership and implementation of strategy in United States of America. The study targeted a single organization in a service industry. A survey was carried for data collection and analyzed by utilization of hierarchical linear modeling to address the multi-level nature of the study. The findings indicated that alignment and consensus among the top management teams increased organizational performance especially during strategic change. The study results revealed that proper articulation of the strategy throughout the organization together with alignment of organization structure and processes resulted in improved performance. The findings also further postulated that effectiveness of leadership is not performed on isolation but rather through alignment of all then leaders across the hierarchical levels for achievement of successful strategy implementation. A common understanding and acceptance of organizational objectives is thus necessary for effective implementation of strategy. The study was limited to examination of strategic consensus in a single organization and performance measurement was only on customer satisfaction, whereas the current study's context was based on multiple agribusiness firms and performance was measured by both financial and customer satisfaction perspectives.

Mahto and Davis (2012) likewise carried out a study on information flow and strategic consensus influence on organizational performance in a multilocation bank in United States of America. The main objective was to examine consensus not only among the top management teams but also along the organization's hierarchical levels, that is among middle management and employees. The study adopted a mixed method research design and collected data through a quasi-longitudinal methodology. Data analysis was through factor analysis and multiple regression for correlation determination. The study findings indicated information flow through the organization plays a critical role in organizational performance and consensus can be achieved by increasing the level of internal communication from the top management to middle management and finally to the lower level employees. Absence of consensus among the lower level employees limits realization of organizational goals and therefore the scope of strategic consensus must not only be restricted to just the top management and middle level personnel of an organization. The study was limited to examination of strategic consensus within an organization whereas the current study sought to establish the effect of organizational structure and resource allocation in conjunction with strategic consensus on performance.

2.3.2 Firm Structure and Firm Performance

Sorooshian et al., (2010) carried out a research study to determine the relationship between drivers of strategy implementation and the performance of small agribusiness processing firms in Iran. The drivers under investigation were firm leadership styles, structure and human resource management on financial performance. Data collection was conducted by use of questionnaires and analysis was performed through structural equation modelling (SEM). The study findings established that a suitable firm structure enables a management team in achieving high performance by successfully accomplishing firm objectives. This supports the notion that firm structures must have efficient and effective construct. The research also indicated that leadership style had a considerable impact on strategy implementation as successful realization of strategy requires coherence and consensus from the strategy formulation leadership to employees at all levels of the organization. In addition, human resources and other resources have to be directed towards implementation of strategy. The study applied structural equation modelling (SEM) to test the hypotheses on strategy implementation and firm performance whereas the current study applied descriptive and inferential statistics for analysis of data.

Ibrahim et al., (2012) investigated the influence of formality structure on the relationship between strategy implementation and performance. The study sampled 164 CEOs of manufacturing firms that were listed on the Jakarta Stock Exchange in Indonesia. The study employed a structured questionnaire with a 5-point Likert scale and used quantitative methodology for data analysis. The research findings indicated that there was a significant correlation between strategy implementation and the firms' performance and formality structure had a moderating impact on this relationship. The study showed that formality structure can indeed strengthen the correlation between implementation of strategy and the performance of the firm. The research however was based on manufacturing firms in Indonesia, whereas the current research study focused on agribusiness firms in Kenya.

Hilman and Siam (2014) examined the influence of culture and organization structure on higher educational institutions performance in Palestine and the moderating role of strategy communication. The study employed a quantitative method and sampled 255 respondents from the top management team. The collected data was analyzed by use of partial least squares structural equation model (PLS-SEM). The findings showed that organizational structure and culture were significantly correlated to the institutions' performance. In addition, the results indicated that strategy communication as a moderation role did not influence both culture and structure on performance. The study employed partial least squares structural equation model (PLS-SEM) for analysis of data whereas the current study utilized quantitative methods.

Moinkett (2015) undertook a study on organizational structure and implementation of strategy. The research employed a case study research design focused on geothermal development company in Kenya. The research relied on primary data gathered through interviews with the top management team and which was thereafter analyzed by content analysis. The research findings showed that organizational structure played an important role in strategy implementation. The study was based on a case study of one firm while the current study adopted a descriptive research design of various agribusiness firms.

Likewise, Ngenoh (2013) investigated the impact of organizational structure on strategy implementation and performance among banks in Kenya. Primary data utilized was gathered by use of questionnaires. Secondary data was also utilized for information on the 18 commercial banks. Data analysis included descriptive and inferential statistics. The study findings indicated that the state of an organization's structure significantly impacted the efficiency and effectiveness of implementation of strategy and had a high impact on employees' performance, fulfilment of the community's confidence and the growth of investments of the banks. Both Ngenoh (2013) and Moinkett (2015) studies were focused on influence of structure on organizational performance in different industry sectors and the current study's focus covered firms in agribusiness.

2.3.3 Resource allocation and Firm performance

Gachuhi and Awuor (2019) conducted a research on strategic management and sustainability of agribusiness SMEs in Githunguri sub-county, Kenya. The research study utilized semi-structured questionnaires for collection of both quantitative and qualitative data. Data analysis of quantitative data was performed by utilization of descriptive and inferential statistics while analysis of qualitative data was by performed by use of content analysis. The research findings showed that resource allocation of human resource capacity building, use of modern technology, improvement of supply chain process and financial management were important in sustainability and performance improvement of agribusinesses. The study however focused on individual farmer SMEs whereas the current study's scope was on agribusiness firms.

Similarly, Lopes and Ross (2013) carried out a study on strategic planning practices in Michigan Agribusiness firms in United States of America. The study utilized secondary data sources and conducted surveys of the agribusiness firms at two-time durations, that is, 1992 and 2012. Data analysis was conducted by use of statistical analysis to investigate the correlation between the study variables on strategic planning practices and performance. Factor and cluster analysis were conducted to assess similar ties or lack thereof of the firms' use of strategic planning tools. The results showed that up take of strategic planning activities positively correlated with performance of firms. The study was centered on the influence of strategic design practices and strategic planning choices of firms and performance whereas the current research was based on firm strategic consensus that directs strategic choices and actions, firm structure and resource allocation on firm performance.

Dominic and Theuvsen (2015) investigated the relationship between firm resources, strategic management practices and firm performance of small agribusiness firms in Tanzania. The aim of the study was to investigate the level of managerial expertise and the role of strategic management practices in effective utilization of market information as a resource in achieving agribusiness firm performance. The study targeted 331 agribusiness firms in Tanzania and data collection was collected through interviews with the aid of structured questionnaires. The data was analyzed through descriptive analysis and partial least square structural equation modelling (PLS-SEM). The research findings indicated that firm resources alone do not contribute to performance unless application of strategic management practices is utilized. This showed that management must incorporate strategic practices in utilization of firm resources for improved firm performance. Similar to the previous studies, the study's context was different from the current study, which was on Agribusiness SMEs in Tanzania based on appropriate resource allocation in form of market information, influenced by managerial expertise in strategic management whereas the current study was focused on resource allocation in terms of financial resources and management's expertise in strategic management in agribusiness firms in Kenya.

The above findings of Dominic and Theuvsen,(2015) are further extended and supported by Arrfelt et al., (2015) who undertook a study to examine the influence of capital allocation competency on business unit performance in United States of America. The goal of the study was to investigate the different levels of capital allocation to firms' business units as competency in managerial capability and its influence on the firms' business unit performance. Secondary data sources form the firms, business units and industry level were collected form 1,137 sampled firms from different industries. Data analysis was through a multi-level modelling approach with the use of STATA statistical program. The study results indicated that low allocation indicated by excessive financial allocation to business units with poor growth prospects reduced business unit performance, compared to capital allocation to better future growth prospects business units. The study also found out that business market environment also affected performance implication of capital allocation which was more prominent in competitive markets. The research study was focused on the effect of capital allocation on performance of a firm's business units in different industries whereas the current research was based on financial allocation of agribusiness firms in Kenya.

Kihara et al., (2016) conducted a study on the role of technology in strategy implementation and performance of manufacturing SMEs in Thika, Kenya. Data collection from 115 was performed by use of questionnaires. The study adopted a mixed research design which incorporated quantitative and qualitative designs. Data analysis was by correlation and also regression analysis. The study findings indicated a positive and significant relationship between technological resources during strategy implementation process and performance of the firms. The study investigated technology as a driver in strategy implementation in manufacturing SMEs whereas the current study investigated the strategic consensus, structure, financial and human resource allocation in strategy implementation process of agribusiness firms. The current study also adopted a quantitative research design in comparison to Kihara et al., (2016) research which employed a mixed research design.

2.4 Research Gaps

Literature presents knowledge and contextual gaps that exits. Table 2.1 below summarizes the research gaps which the study was determined to fill.

Table 2. 1: Summary of the Research Gaps

Author	Title	Findings of the Study	Research Gaps
Ombajo & Muchibi (2017)	Influence of strategic management on agribusiness firms' performance in Kakamega County, Kenya	The findings indicated strategy formulation had a strong impact on agribusiness firms' performance and also formulated strategic plans must be inclusive of all the stakeholders in the firm for successful implementation	The study however was based on influence of strategy formulation whereas the current study determined effect of strategy implementation and performance of agribusiness firms in Nyanza region, Kenya.
Arrfelt et al., (2015)	The influence of financial allocation on performance of business units	Results indicated that capital allocation to better future growth prospects business units increased the units' performance.	The study examined capital allocation on performance of a firm's business units in different industries whereas the current study focused on allocation in agribusiness firms in Kenya
Ngenoh (2013)	Organizational structure and implementation of strategy in Kenyan banks	The results showed that firm structure significantly influenced the efficiency and effectiveness of implementation of strategy and had a high effect on performance.	The study however was carried out in the banking sector while the current research was focused on agricultural sector firms.
González-Benito et al., (2012)	Coming to Consensus on Strategic Consensus: A Mediated Moderation Model of Consensus and Performance	The research results showed that strategic consensus is affirmatively correlated to the organization's performance and that competitive method consensus relates to performance through the mediating effect of consensus on the firm objectives.	The study however examined consensus in two aspects, competitive method consensus and consensus on objectives, whereas the current study investigated only consensus on objectives of multiple agribusiness firms in Kenya.
Ibrahim et al., (2012)	The Relationship between Strategy Implementation and Performance of Manufacturing Firms in Indonesia: The Role of Formality Structure as a Moderator	The findings showed a correlation between strategy implementation and performance of firms. Formality structure also had a moderating influence on this relationship.	The research however was based on manufacturing firms in Indonesia, whereas the current research study focused on agribusiness firms in Kenya.

Source: Researcher, 2019

2.5 Conceptual Framework

This section shows the study's conceptual framework that was used for analyzing the influence of strategy implementation on the performance of agribusiness firms in Kenya. The independent variables included strategic consensus, firm structure and firm resource allocation whereas the dependent variable was firm performance. Figure 2.1 below summarizes the relationship between the variables.

Independent variables ***Dependent variables***

Internal firm elements

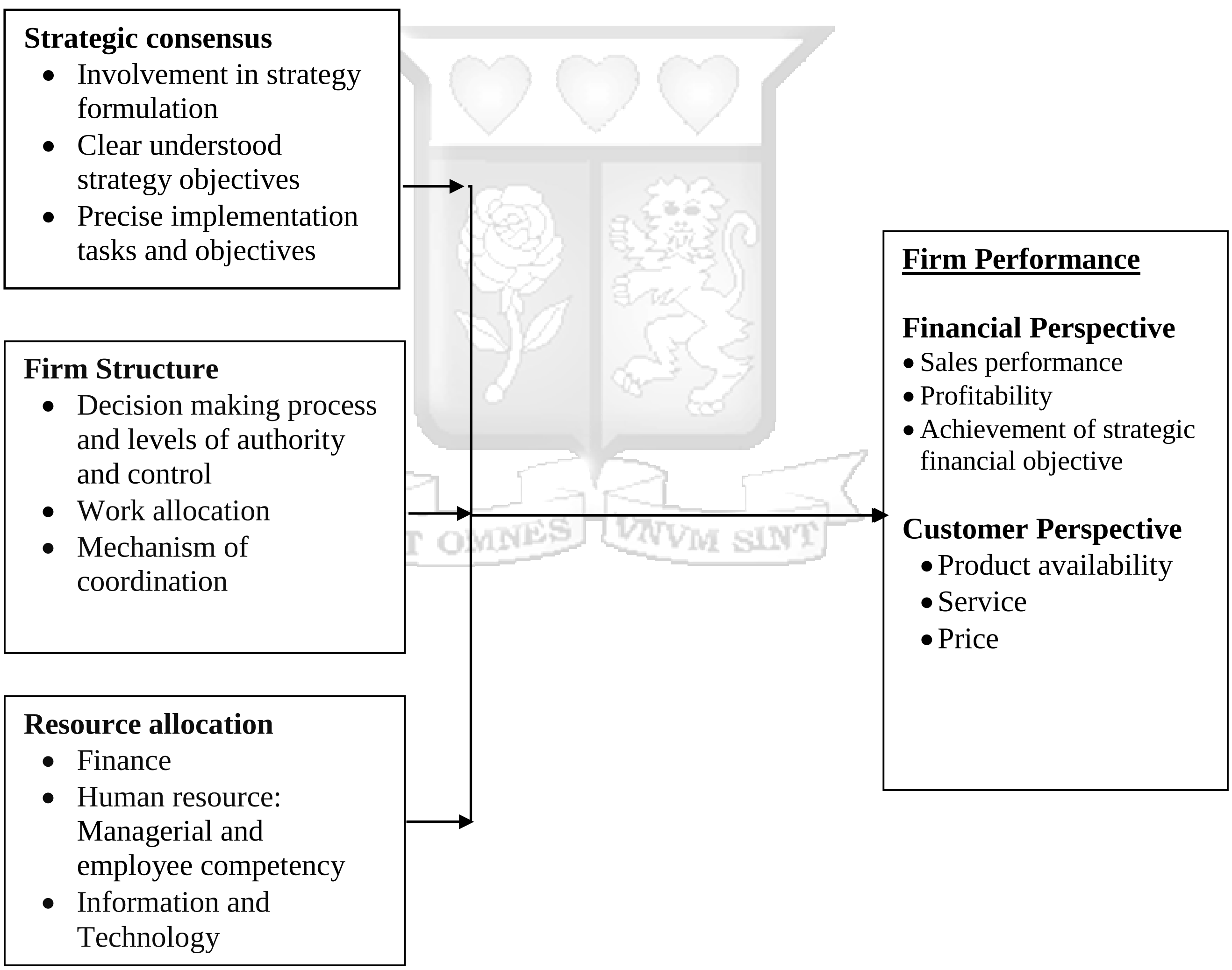

Figure 2. 1: Conceptual Framework

Source: Researcher, 2019

2.6 Operationalization of Variables

The firm elements which affect implementation of strategy were conceptualized for the study as strategic consensus, firm structure and resource allocation. Table 2.2 below summarizes the measurement and the method of analysis for each variable.

Table 2. 2: Operationalization of Variables

Objective	Variable	Measurement	Data Collection Instrument	Data analysis
To establish the effect of strategic consensus on performance of agribusiness firms in Nyanza region of Kenya.	**Strategic Consensus** ▪ Involvement in strategy formulation ▪ Clear understood strategy objectives ▪ Precise implementation tasks and objectives	Quantitative data 5-point Likert Scale	Questionnaire	Descriptive, correlation tests and regression tests
To determine the effect of structure on performance of agribusiness firms in Nyanza region of Kenya.	**Firm Structure** ▪ Work allocation ▪ Mechanism of coordination ▪ Decision making process and levels of authority	Quantitative data 5-point Likert Scale	Questionnaire	Descriptive, correlation tests and regression tests
To find out the effect of resource allocation on the performance of agribusiness firms in Nyanza region of Kenya.	**Resource Allocation** ▪ Finance ▪ Human resource: managerial and employee competency ▪ Information and Technology	Quantitative data 5-point Likert Scale	Questionnaire	Descriptive correlation tests and regression tests

Source: Researcher, 2019

2.7 Chapter Summary

The chapter delved into the theories on strategic management, specifically touching on internal firm elements that influence strategy implementation. The empirical studies on the research study's firm elements and their influence on firm performance were analyzed in depth. The study's conceptual framework was developed and also operationalization of the independent variables was elaborated.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlines the methods utilized in conducting the research, covering the research design, population and sampling, data collection methods, data analysis as well as the ethical considerations of the study.

3.2 Research Design

Research design provides structure and a plan for the research in obtaining answers to the research questions under investigation (Kothari, 2012). It describes the method used for collection, measurement and analysis of the research data. The study employed descriptive research design. The design was selected because it helped to gather valid information in regard to the research variables to answer the research problem on establishing the influence of strategy implementation on performance of the agribusiness firms in Nyanza region, Kenya.

3.3. Population and Sampling

The section outlines the study's population that was considered in answering the research problem, the sampling techniques as well as the sample size.

3.3.1 Target Population

The target population of a study is the entire population that a study specifies to draw research results and conclusions (Serakan, 2013)**.** The population was drawn from 50 licensed donor funded agribusiness firms implementing an agricultural development initiative in Nyanza region of Kenya, as at January, 2019. A census survey was conducted on the 50 agribusiness firms because of the small population.

3.3.2. Sampling and Sample Size

The sampling frame for the research study was drawn from the personnel working in agribusiness firms in Nyanza region, Kenya. The population area chosen for the study was Nyanza region of Kenya. The agribusiness firms were located in 4 counties in Nyanza region, that is, Migori, Kisumu, Siaya and Homabay counties, with 50 firms in total. Purposive sampling was utilized for selection of respondents, the unit of observation being the firms' business managers and business unit managers as the key personnel responsible for strategy implementation in order to provide relevant data that would solve the research problem. Due to the composition of the targeted firms was of both micro and small and medium enterprises, the sample size comprised of all business manager and at least one business unit manager. Therefore, the sample size was 100 respondents.

Table 3. 1: Sampling Frame

Designation	**Population**	**Sample**
Business Managers	50	50
Business unit Managers	50	50
Total population	**100**	**100**

Source: Researcher, 2019

3.4. Data Collection Methods

The study relied on primary data only, which was provided by the study's respondents. Questionnaires were used for collection of the data, whereby one questionnaire structure was employed for both the business managers and the business unit managers. The questionnaires were self- administered through 'wait and fill' methodology due to the availability of the respondents because of the dynamic nature of their business activities. The questionnaire was sectioned into five segments comprising of section A which was dedicated to the collection of data on the firms' background information, subsequent sections B, C, D and E were dedicated to collection of data relating to the research variables, that is, strategic consensus, firm structure, resource allocation and firm performance respectively. Section A on the background information contained 3 items, 6 items in section B on strategic consensus, 6 items on firm structure in section C, 6 items on resource allocation in section D while section E on firm performance comprised of 9 items. The questionnaire was structured with closed ended statements containing a Likert scale ranging from 1 (Strongly disagree) to 5 (Strongly agree), describing a given variable from which respondents rated every statement item (Appendix IV).

The questionnaires were administered with the aid of research assistants who had been trained on ethical practices during data collection as well as confirmation of well completed questionnaires. In order to increase the response rate, the respondents had been contacted by the researcher prior to collection of the data to inform on the purpose of the research study and request for consent for participation in the study. An introductory letter, research ethical approval from Strathmore

University and research license from National Commission for Science, Technology and Innovation were provided to the respondents for this purpose. Respondents' anonymity and confidentiality was assured.

3.5 Research Quality

3.5.1 Pilot Testing

A pre-test of the questionnaire was conducted before collection of the research data. The pilot test used a selected number of respondents in agribusiness firms with similar characteristics as the research study. A pilot test with 10% to 30% of the sample test respondents is acceptable for testing the reliability and validity of the research study instrument (Cooper & Shindler, 2011). A pre-test with 10% of the study's sample respondents was conducted, which comprised of 10 respondents, that is, business managers and business unit managers from donor funded agribusiness firms in Western region, Kenya. The pre-test respondents were excluded from the research study sample.

3.5.2 Reliability Tests

Reliability in essence refers to consistency, that is, the extent to which data generated is reproducible**.** Bias and distortion in data collection affects validity and reliability of the research, therefore the questionnaire was designed so as to avoid this in order to have accurate data collection, analysis and conclusions from the study. Through the pilot test, the reliability of each question in obtaining the required information was tested. The consistency of the entire scale was assessed by utilization of Cronbach Alpha coefficient which assesses the internal reliability of a given number of comparable items by summarizing the degree to which they are correlated to one another (Hair et al., 2006). The coefficient measure ranges from 0 to 1 and a figure of 0.7 or less shows inadequate internal reliability. The study considered all variables with scores above 0.7 as this confirmed the internal consistency of the data collection instrument.

Table 3. 2: Reliability Test

Variable	Cronbach Alpha scores	Number of items
Strategic Consensus	.749	6
Firm Structure	.706	6
Resource allocation	.857	6
Firm performance	.857	9

Source: Researcher, 2019

3.5.3. Validity Tests

A data collection instrument is considered reliable if the same results are obtained from the use of the same method in repeated situations. Validity refers to the accuracy of the information collected**.** The design of the data collection instrument was done to ensure accuracy and drawing of accurate conclusions from the findings. The pilot test assessed the respondents understanding of the research questions and objectives (Tavakol & Dennick, 2011). Objectivity was addressed by purposive sampling of the sample size that allowed collection of the data from donor funded agribusiness firms in Nyanza region.

3.6 Data Analysis

According to O'Neil & Schutt, (2013) , data analysis comprises of obtaining of data and using procedures for interpreting and converting it into useful information that can be used by the end users in approving or disapproving theories or hypotheses, drawing conclusions and thereby supporting decision making. The collected information from the questionnaires was analyzed for comprehensiveness and completeness before analysis of the information by use of quantitative methods of data analysis through SPSS software system.

The data analysis utilized inferential and descriptive tests for establishment of answers to the research questions to explain dependencies and interrelations between the variables of the study. The descriptive tests conducted were measures of central tendency, that is, mean and the standard deviations which the study utilized for determining the characteristics and patterns of the data. The resulting data was presented in tables. According to Cooper & Shindler (2011), inferential statistics assists a researcher to obtain a comprehensive view and insight on a particular study area in order to get unique relationships and patterns in the data gathered. To investigate this relationship, the tests used were simple linear regression, multiple regression model and correlation matrix. Simple linear regression was utilized in determination of the direct effects between each individual independent variable and the dependent variable while multiple regression analysis was employed to investigate the joint effect of the independent variables on firm performance. The resulting data was presented in tables.

The below is the multiple regression equation utilized in the study:

$$\mathbf{Y = a + b}X_1 + \mathbf{c}X_2 + \mathbf{d}X_3 + \epsilon$$

Where:

Y = Firm Performance (Dependent variable)

b, c, d = coefficients of the independent variables

ϵ = residual (error) being any other element not under study, influencing firm performance

Independent variables

X_1 = Strategic consensus

X_2 = Firm Structure

X_3 = Resource allocation

3.6.1 Diagnostic Tests

As a preamble to the regression analysis, assessment of the relationship between the independent variables was conducted on the sample data. The results are as presented in table 3.3.

Table 3. 3: Multicollinearity

		Strategic Consensus	Firm Structure	Resource Allocation
Strategic Consensus	Pearson Correlation	1	.687**	.647**
	Sig. (2-tailed)		.000	.000
	N	62	62	62
Firm Structure	Pearson Correlation	.687**	1	.565**
	Sig. (2-tailed)	.000		.000
	N	62	65	65
Resource Allocation	Pearson Correlation	.647**	.565**	1
	Sig. (2-tailed)	.000	.000	
	N	62	65	65
**. Correlation is significant at the 0.01 level (2-tailed).				

Source: Researcher, 2019

The highest correlation, was observed between firm structure and strategic consensus, that is, 0.687. This correlation, with a significant value lower than 0.01 was thus significant at $\alpha = 0.05$. Given that none of the reported correlations were higher than 0.7, no incidence of multicollinearity was reported hence all variables were included in the regression model (Cameron & Trivedi, 2013).

3.7. Research Ethics

The research study was assessed and approved by Strathmore University's Institutional Ethics Review Committee and National Commission for Science, Technology and Innovation before the study was conducted. A research request letter and an introductory letter from Strathmore Business School was submitted to the respondents to inform on the purpose of the study so that they made an informed decision to participate in the study and provide consent. The research ensured anonymity of the respondents and data collected was only for academic purposes which was held with utmost confidentiality.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF RESEARCH FINDINGS

4.1 Introduction

The purpose of this chapter is to present findings following the analysis of data in accordance with the research objectives. The first section presents the response rate, the second discusses the background information and presents data analysis results based on the study's objectives.

4.2 Response rate

The population of managers within the target organizations comprised 100 individuals; of these, 65 responses were gathered resulting in a 65% response rate. A response rate of 60% and above is deemed sufficient for statistical analysis (Cooper & Shindler, 2011) . The 65% response rate for the current study was thus deemed comparatively satisfactory in ensuring validity of findings.

4.3 Firms' data

This section contains information on the firms' basic characteristics. Respondents were requested to indicate their designated roles, the core business of their firms and whether or not their respective firms had a documented strategic plan.

4.3.1 Respondents' designation in the firm

The respondents were asked to indicate their designated roles in the firms. The findings are presented in table 4.1.

Table 4. 1: Respondent's designation in the firm

Statistic	Category	Frequency per category	Frequency (%)
Designation in the firm	Business Manager	20	30.77
	Business unit manager	45	69.23
	Total	**65**	**100**

Source: Research Data ,2019

Of the 65 respondents, 45 (69.23%) were business unit managers whereas 20 (30.77%) were business managers. Thus, the insights provided in the study were reliable as they emanated from individuals with an understanding of the intricacies of their firms and directly involved in strategy implementation.

4.3.2 Firms' core business

The firm's core business was determined. Table 4.2. below presents the findings.

Table 4. 2: Firm's Core Business

Core Business	**Frequency**	**Frequency (%)**
Selling of agro-inputs	12	60
Value addition of agricultural products	6	30
Marketing	1	5
Provision of extension services	1	5
Total	**20**	**100**

Source: Research Data,2019

Multiple combinations of services were reported across the firms. The core-service provided by most firms was the selling of agro-inputs (60%).

4.3.3 Documented strategic plan

Information on the availability of documented strategic plans for the respective firms was established. The findings are as shown in table 4.3.

Table 4. 3: Documented Strategic Plan

Statistic	**Frequency**	**Frequency (%)**
Availability of a documented strategic plan for the firm	15	75
	5	25
Total	**20**	**100**

Source: Research Data,2019

75 % of the firms had a documented strategic plan which served as a roadmap for strategy implementation while 25% of the firms did not have a documented strategic plan.

4.4 Strategic Consensus and Firm Performance

Strategic consensus and firm performance were assessed on five-point Likert scales with the representative measure for the variables consisting of the average, per respondent, for all questions assessing the variables. The result presentation consists of two parts, that is, the descriptive statistics results and inferential statistics results showing the relationship between the research objectives and firm performance.

4.4.1 Strategic consensus descriptive statistics

Table 4.4 below presents the results of the analysis.

Table 4. 4: Strategic consensus descriptive statistics

N= 65	**Mean**	**Standard deviation**
Employees at all levels of the organization are involved in the formation of strategies	3.54	1.09
The inclusion of employees in implementation of strategy is essential in meeting company goals	4.07	0.87
All employees are aware of assigned roles in effecting the strategies of the organization	4.43	0.67
The link between performance requirements and the business outcome is clear	4.49	0.57
Objectives set out for implementation of the company's strategy are well articulated for each employee	4.54	0.65
All tasks relating to the strategy implementation are well defined and measurable	4.26	0.66
Strategic Consensus	**4.22**	**0.51**

Source: Research Data, 2019

Six questions were included to assess strategic consensus. The highest mean was observed for comfortability with the objectives set out in implementing company strategy with a 4.54 mean and 0.65 standard deviation whereas the lowest was reported for inclusion of firm employees in formulation of strategy with 3.54 mean and 1.09 standard deviation, which was the highest standard deviation thus indicating the highest variability in responses. The inference, therefore, would be inclusion of some employees in decision-making and disregard of others. The average on strategic consensus was 4.22 with 0.51 standard deviation. This was the second lowest standard deviation of the three research variables of the study indicating highest level of consensus in assessment of the construct.

4.4.2 Relationship between Strategic Consensus and Firm Performance

The research study aimed at investigating the correlation between strategic consensus and firm performance, by use of correlation and regression tests. The results of the analysis are presented in table 4.5.

Table 4. 5: Relationship between strategic consensus and firm performance

Correlation Test			**Firm Performance**			
Strategic Consensus N= 65		Pearson Correlation	.491**			
		Sig. (2 tailed)	.000			
Regression Coefficients Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.411	.686		.600	.551
	Strategic Consensus	.704	.161	.491	4.365	.000
	R square	.241				
** Correlation is significant at the 0.01 level (2 tailed)						
b. Predictors: (Constant), Strategic Consensus						
a. Dependent Variable: Firm Performance						

Source: Research Data, 2019

The results of the correlation test show that strategic consensus is moderately correlated with performance of the firms and the relationship is statistically significant as indicated by $r = .491$; *Sig*. = .000 < .05. The p-value was .000 which is less than 0.05 which indicates that there is a statistically significant relationship between strategic consensus and performance of the firms. This is an indication of a moderate, positive and statistically significant relationship between strategic consensus and firm performance. The research study also investigated the relative magnitude influence of strategic consensus on firm performance. The regression analysis results indicated that 24.1% (R^2 = .241) of the variations in performance of firms was determined by strategic consensus while other factors excluded from the model explained 75.9% of the variations in firm performance. The regression coefficient Beta value (β) = .704 indicates that a unit change in strategic consensus would result in a .704 increase in firm performance. This finding implies that as the firm aligns more to its strategy through strategic consensus among its personnel for strategic implementation, its ability to enhance firm performance increases by .704 units.

The results imply that according the business managers and the unit managers, strategic consensus within the firms moderately influences firm performance. From the results, the regression equation for the influence of strategic consensus on firm performance was:

$$\mathbf{Y = 0.411 + 0.704}\boldsymbol{X_1}\mathbf{ + 0.686}$$

Where:

Y = Firm Performance

X_1 = Strategic consensus

4.5 Firm Structure and Firm Performance

The second variable under study was firm structure and its influence on performance of the firms. Presentation of the findings contains the descriptive statistics and the relationship between firm structure and firm performance.

4.5.1 Firm structure descriptive statistics

Six questions were employed in assessment of the contribution of firm structure. Table 4.6. below shows the results.

Table 4. 6: Firm structure descriptive statistics

N = 65	**Mean**	**Standard deviation**
The employee roles allow for achievement of strategic goals	4.34	0.67
Clear understanding of colleagues' and supervisors' roles towards strategy implementation in achievement of firm goals	4.42	0.75
The coordination of activities within the organization is well understood by all employees	4.42	0.66
The allocation of work for all employees allow for achievement of the objectives	4.40	0.66
Supervisors actively control the tasks involved in the organization for attainment of strategic goals	3.75	1.01
The decision-making process relating to implementation of objectives of strategy is well outlined	4.09	0.56
Firm Structure	**4.24**	**0.46**

Source: Research Data, 2019

The consensus of the employee roles in relation to the strategy and coordination of activities within the firms were the highest rated firm structuring qualities with a mean of 4.42 and standard deviation of 0.75 and 0.66 respectively. The highest variability in response was observed on the supervisors' role in controlling tasks aimed at achieving the goals of the organization which had a 1.01 standard deviation, the highest of the six questions with a mean of 3.75. The overall rating on firm structure was 4.24 which was the highest of the three research variables, which implies that the firms under consideration had elaborate structuring as the central focus of their strategy-implementation efforts.

4.5.2 Relationship between Firm Structure and Firm Performance

The study also investigated the association between firm structure and performance of firms by use of correlation and regression analysis tests. The results are presented in table 4.7.

Table 4. 7: Relationship between firm structure and firm performance

Correlation Test		**Firm Performance**
Firm Structure N= 65	Pearson Correlation	.366**
	Sig. (2 tailed)	.003

Regression Coefficients Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.966	.790		1.222	.226
	Firm Structure	.579	.185	.366	3.121	.003
	R square	.134				
** Correlation is significant at the 0.01 level (2 tailed)						
b. Predictors: (Constant), Firm Structure						
a. Dependent Variable: Firm Performance						

Source: Research Data, 2019

The correlation test findings indicate a moderate association between firm structure and performance of the firms as shown by r = .366; *Sig*. = .003 < .05. The relationship between firm structure and the performance of firms is also statistically significant since p-value = .003< 0.05. This indicates a moderate, positive and statistically significant relationship exists between firm structure and firm performance. The coefficient of determination results on the relative magnitude influence of firm structure on firm performance indicated that 13.4% (R^2 =.134) of the variations in performance of firms was determined by firm structure while other elements which were not included in the model explained 86.6% variations in firm performance. The coefficient value, that is, Beta value (β) = .579 indicates that a unit change in firm structure would result in a .579 increase in firm performance. This finding implies that as the firm restructures more for strategic implementation, its ability to enhance firm performance increases by .579 units. The results imply that according to the business managers and the business unit managers, firm structure moderately influences firm performance.

Below is the regression equation for the influence of firm structure on firm performance.

$$\mathbf{Y = 0.966 + 0.579}\boldsymbol{X_2}\mathbf{ + 0.790}$$

Where:
Y = Firm Performance
$\boldsymbol{X_2}$ = Firm Structure

4.6 Resource Allocation and Firm Performance

Resource allocation was the third and final construct considered as an independent variable in the study. As with the foregoing metrics, this section has two parts presenting the descriptive statistics and findings from assessment of the association between the variable and firm performance.

4.6.1 Resource allocation descriptive statistics

Table 4.8 below presents the resource allocation descriptive statistics results.

Table 4. 8: Resource allocation descriptive statistics

N = 65	**Mean**	**Standard deviation**
The organization leaders have the skills required for implementation of the firm's strategy	4.25	0.64
The financial resources of the firm are sufficient for achieving the implementation of the strategy	2.98	1.14
The resources assigned to each task are sufficient in carrying them out	3.02	1.11
Information needed to achieve tasks is sufficiently provided within the organization	3.88	0.91
Employee skills in the organization match the tasks assigned to them	4.05	1.02
Technology availed in carrying out tasks is sufficient for meeting outlined goals	3.57	1.07
Resource Allocation	**3.62**	**0.76**

Source: Research Data,2019

The organization's leadership competence presented a mean rating of 4.25 being the highest mean and lowest standard deviation 0.64. This finding was particularly noteworthy given that the respondents involved in the study occupied managerial positions hence were self-reporting on their competence. The aspect with the lowest rating was on financial allocation within the firms which presented with a mean of 2.98 and 1.14 standard deviation, the highest of the six questions. The implication being that whereas some organizations were sufficiently funded, others were not. The overall mean rating for the variable was 3.62, the lowest of the three research variables and middle-rated in variability of response with a standard deviation of 0.76.

4.6.2 Relationship between Resource Allocation and Firm Performance

The research study further aimed at establishing the relationship between resource allocation and firm performance. The results of the correlation and regression tests are presented in table 4.9.

Table 4. 9: Relationship between resource allocation and firm performance

Correlation Test				**Firm Performance**		
Resource Allocation N= 65		Correlation		.834**		
		Sig. (2 tailed)		.000		
Regression Coefficients Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.513	.247		2.075	.042
	Resource Allocation	.801	.067	.834	11.991	.000
	R square	.695				
** Correlation is significant at the 0.01 level (2 tailed)						
b. Predictors: (Constant), Resource Allocation						
a. Dependent Variable: Firm Performance						

Source: Research Data, 2019

The results of the correlation test show that resource allocation is highly correlated with performance of the firms as shown by *r* = .834; *Sig.* = .000 < .05. The relationship between resource allocation and the performance of firms is also statistically significant since p-value = .000< 0.05. This indicates a strong, positive and statistically significant relationship exists between resource allocation and firm performance. The coefficient of determination $R^{2} = 0.695$ suggests that resource allocation explains the variations in performance of firms by 69.5% while other elements excluded from the model explained 30.5% variations in firm performance. The Beta value (β) = .801 indicates that a unit change in resource allocation would result in a .801 increase in firm performance. This finding implies that as the firm increases its resource allocation to support strategy implementation, its ability to enhance firm performance increases by .801 units.

According to the results, the business managers and the business unit managers hold the view that resource allocation significantly influences firm performance. The regression equation on the influence of resource allocation on firm performance was:

$$\mathbf{Y = 0.513 + 0.801}\boldsymbol{X_3}\mathbf{ + 0.247}$$

Where:

Y = Firm Performance

$\boldsymbol{X_3}$ = Resource Allocation

4.7 Overall relationship between strategy implementation and firm performance

The research study sought to determine the combined effect of strategic consensus, firm structure and resource allocation on firm performance. Multiple regression analysis was employed for testing of the joint effects of the variables and statistical significance of the research model was determined by ANOVA analysis. Summary of the overall coefficients between the independent variables and the dependent variable is presented in table 4.11.

Table 4. 10: Coefficients

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.185	3	7.728	47.194	.000[b]
	Residual	9.498	58	.164		
	Total	32.683	61			
Regression Coefficients Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.226	.500		2.450	.017
	Strategic Consensus	-.003	.155	-.002	-.020	.984
	Firm Structure	-.228	.154	-.147	-1.475	.146
	Resource Allocation	.871	.090	.918	9.643	.000
	R square			.709		
** Correlation is significant at the 0.01 level (2 tailed)						
b. Predictors: (Constant), Resource Allocation						
a. Dependent Variable: Firm Performance						

Source: Research Data, 2019

The results indicate that the joint influence of strategic consensus, firm structure and resource allocation on firm performance was statistically significant (R^2 =.709, F= 47.194, $p < 0.05$). The results imply that strategic consensus, firm structure and resource allocation explain 70.9% of the variation in performance of the firms while 29.1% is explained by other factors that were not in the study. The joint influence of the independent variables was thus statistically significant and higher compared to the individual effects of strategic consensus (R^2 =.241; $p < 0.05$), firm structure (R^2 =.134; $p < 0.05$) and resource allocation (R^2 =.695; $p < 0.05$). The F statistic = 47.194 indicates that the model was statistically significant and thus fit for analysis of the association between the study's independent variables and performance of the firms.

Therefore, the results suggest that jointly the study variables have a greater influence on performance of firms than the individual effects of the variables and can thus be jointly used to predict firm performance.

The overall regression model was:

$$\mathbf{Y = 1.226 - 0.003}\boldsymbol{X_1}\mathbf{ - 0.228}\boldsymbol{X_2}\mathbf{ + 0.871}\boldsymbol{X_3}\mathbf{ + 0.500}$$

Where:

Y = Firm Performance (Dependent variable)

ϵ = residual (error)

Independent variables

$\boldsymbol{X_1}$ = Strategic consensus

$\boldsymbol{X_2}$ = Firm Structure

$\boldsymbol{X_3}$ = Resource allocation

The regression model shows that for a unit increase in strategic consensus and firm structure, the agribusiness firms' performance decreases by – 0.003 and – 0.228 respectively while a unit increase in resource allocation results in an increase in firm performance by 0.871, when all other factors are held constant. From the results, the performance of firms is influenced to a high degree by the joint effect of the predictor variables and it is clear that resource allocation has the highest contribution to firm performance ($\beta = .871$; $p < 0.05$) while firm structure ($\beta = -0.228$; $p < 0.05$) and strategic consensus ($\beta = -0.003$; $p < 0.05$) had the lowest contribution. The relationship between strategic consensus with firm performance and firm structure with performance however could not be confirmed at 95% confidence level because the coefficients presented with significant values of $p > 0.05$ at 0.984 and $p > 0.05$ at 0.146 respectively.

4.8 Chapter Summary

The chapter presented and interpreted the research findings in line with the study's objectives. Data analysis employed inferential and descriptive tests. Simple regression analysis was used for testing the direct relationship between the independent study variables and firm performance while multiple regression analysis was employed for testing the joint relationship of the variables and performance of firms.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

The chapter outlines the research summary, discussion study findings, conclusion and recommendations. The chapter further contains limitations of the research study and suggestions for future research work.

5.2. Summary

The research was aimed at determining the influence of strategy implementation on performance of agribusiness firms in Nyanza region, Kenya. The research study was anchored in the Higgins 8-S theory and relied on descriptive research design. The study's target population was donor funded agribusiness firms implementing an agricultural initiative. The unit of observation was 100 respondents who were business managers and the business unit managers of the firms and the research study obtained a response rate of 65%. The results indicated that in terms of strategic consensus, there was clear articulation of the objectives set out for each employee, however, the leadership did not include firm personnel in strategy formulation process. Strategic consensus had a negative insignificant on performance the firms. On firm structure, results indicated there was overall understanding of the work allocated to each personnel which aligned with the strategic goals, however the leadership's role in control of the tasks was not effectively performed. The results also revealed that firm structure had a negative and insignificant influence on performance of the firms. Findings on resource allocation showed that the leadership was competent and possessed adequate skills for provision of direction in strategy implementation, however, financial allocation was insufficient for accomplishment of strategic goals. Overall, the results indicated that resource allocation presented a positive significant effect on performance of the firms.

5.3. Discussion of Findings

5.3.1. Strategic Consensus and firm performance

Strategic consensus of the agribusiness firms was the first variable examined. The study revealed that firms do not involve employees at all levels of the firm in formation of strategies and only included some employees and excluded others. This finding is supported by Ouakouak &

Ouedraogo, (2013) who established that managers must play close attention to employee strategic alignment during strategy design and implementation, which plays a key role between strategic process planning and performance of an organization. The research findings also revealed clear articulation of the objectives set out for each employee for execution of the firm strategy and comprehensive understanding of the objectives were important for effective strategy implementation. O'Reilly et al., (2010) similarly concluded that proper articulation of the strategy throughout the organization together with alignment of organization structure and processes resulted in improved performance. These findings also concur with the Higgins 8-S framework whose emphasis is that for effective strategy implementation, there has to be a shared understanding of the organization's strategic priorities throughout all levels of the organization in order to achieve its strategic objectives (Higgins, 2005).

In determination of the overall influence of strategic consensus and firm performance, the study revealed a negative and insignificant association between strategic consensus and firm performance. The results were somewhat surprising because they indicated that strategic consensus affected firm performance negatively and that the relationship was statistically insignificant, which implies that when an agribusiness firm increases its efforts in ensuring shared understanding of the firm's strategic priorities, this would cause a decrease in firm performance. This is contrary to the Higgins 8-S theory and previous studies by different scholars, such as Brinkschröder, (2014) who indicated that strategic consensus with interplay with firm structure and effective leadership, is a key variable for successful strategy implementation.

Although the finding was unexpected, it is also in line with other findings by other scholars. The findings are in line with González-Benito et al., (2012) who indicated that environmental dynamism served as a moderating effect on the relationship of strategic consensus and firm performance, whose relationship is positive in less dynamic environments and becomes negative in environments that ate more dynamic. A further explanation for this research finding could also be due to the firms' leadership not engaging their personnel in strategic planning for alignment with strategic priorities which affects strategy implementation and firm performance, indicating the importance of organizational strategic alignment for enhanced firm performance which is affirmed by previous study findings (Buijs & Langguth, 2017; Mahto & Davis, 2012; Ombajo & Muchibi, 2017; Ouakouak & Ouedraogo, 2013).

5.3.2. Firm Structure and firm performance

The second variable under study was firm structure. The research study findings showed that there was appropriate work allocation, overall understanding of each employee's role in relation to strategy implementation and coordination of the activities within the firms. The findings are supported by Ngenoh (2013) who postulated that the nature of organization structure significantly affects performance of employees as well as the efficiency and effectiveness of the strategic implementation process. The study also revealed that leadership's role in controlling tasks was not actively performed for achievement of strategic goals. The findings are also consistent with Sorooshian et al., (2010) who put forth that leadership style had a considerable impact on strategy implementation as successful realization of strategy requires coherence and consensus from the strategy formulation leadership to all employees of the organization. Moinkett, (2015) also showed organizational structure played a key role in strategy implementation. These findings are also in agreement with the Higgins 8-S framework which denotes that successful achievement of an organization's strategic goals is determined by how well the organization is structured along its business strategy and a correct organization structure is one that clarifies the duties performed and their coordination for proper functioning of the organization (Higgins, 2005) . Leadership's level of coordination and supervision of work also has to be effective for the achievement of the desired strategic outcomes.

Results of regression analysis in determination of the influence of firm structure on firm performance showed a negative and insignificant relationship between firm structure and firm performance. This implies that when a firm restructures its structural components to better align with its strategic goals for realization of its objectives, this would result in a decrease in the performance of the firm. This is a surprising and contrary finding to previous studies by other scholars. The findings are in variance with Ibrahim et al., (2012) who indicated that formality structure strengthened the relationship between strategy implementation and firm performance. The negative relationship findings are however supported by Hilman & Siam (2014) who indicated that organizational structure had a negative non-significant relationship with organizational performance due to lack of employee strategic consensus, disparity between implementation activities and individual responsibilities and non-inclusion of employees in strategic planning process. In respect to this, the study's finding could be associated with the firms' inadequate engagement of their personnel in the strategy formulation process. A further plausible explanation for this finding could be due to the firms' non- proactive leadership style that was revealed in the research where leadership's role in controlling tasks was not adequately performed which affects execution of strategy and firm performance. This positively concurs with Sorooshian et al., (2010) who showed leadership style had an impact on strategy implementation because achievement of strategic goals requires strategic consensus and alignment throughout the organization.

5.3.3. Resource Allocation and firm performance

The third variable of the study was resource allocation within the agribusiness firms. The results indicated that the leadership was competent and possessed adequate skills for provision of direction in strategy implementation. The findings concur with Gachuhi & Awuor, (2019) who showed that resource allocation of competent human resource and continual capacity building is important in sustainability and performance improvement of agribusinesses. The findings further showed that financial resource allocation within the firms was insufficient for successful implementation of strategy. The research findings correspond with Arrfelt et al., (2015) who showed that adequate capital allocation to business units with better growth prospects increased performance, while lower levels of allocation reduced business unit performance affected firm performance.

The regression analysis results on the effect of resource allocation on firm performance showed a positive and significant association between resource allocation and firm structure. This implies that when a firm increases its financial allocation to strategy implementation activities, this would result in an increase in the performance of the firm. The findings concur with Arrfelt et al., (2015), Kihara et al., (2016) and Wang et al., (2009) who showed that allocation of the required resources for strategy implementation is important as this determines success or failure at strategy implementation stage which is key for firm performance. The findings also concur with Dominic & Theuvsen, (2015) who postulated that appropriate resource allocation influenced by managerial expertise in strategic management lead to successful implementation of strategy. Higgins 8-S theory as well supports the research findings in which it postulates that resources are an organization's source of capability in achievement of strategic objectives and are necessary for implementation of strategy.

5.3.4 Strategy implementation and firm performance

The research study sought to determine the overall joint effect of strategic consensus, firm structure and resource allocation as constructs of strategy implementation determinants, on performance of the firms. The findings showed that the joint influence of strategic consensus, firm structure and resource allocation on firm performance was significant and higher than the individual variables' effect on performance.

In terms of the individual contribution to firm performance, the results show that resource allocation had the largest contribution while strategic consensus and firm structure had the lowest contribution. This implies that resource allocation is a strong predictor of performance of agribusiness firms. The joint influence of the study variables on performance of firms also denotes that firms should take into account combined strengthening and alignment of the strategy implementation determinants which yields better enhanced performance of their firms instead of strengthening an individual firm aspect only. The research findings are also in line with the Higgins 8-S framework that emphasizes that strategy implementation determinants are interconnected and must be well aligned so as to achieve the intended strategic performance.

5.4. Conclusions

The research study sought to determine the influence of strategy implementation on agribusiness firm performance. The results indicated that 70.9% ($R^2 = .709$) of the variations in agribusiness firm performance were determined by the three variables of strategy implementation under study.

The research study concludes that clear articulation of firm objectives throughout all levels of the firm and effective leadership through inclusion of the firm's personnel during strategy planning and implementation is necessary for employee alignment and for enhanced performance of agribusiness firms. The study further concludes that strategic consensus had a negative influence on firm performance due to the firms operating within dynamic business environments.

The study concludes that work allocation and the overall understanding of each employee's role in relation to implementation of strategy and clear coordination of the activities are key to successful implementation of strategy and enhanced firm performance. The research study further concludes that firm's leadership in coordination of tasks impacts strategy implementation is key and influences performance. In conclusion, firm structure had a negative influence on firm performance.

The research study revealed that although firm leadership was competent and had adequate skills in leading the firm in achievement of set firm objectives, it was not as active in its leadership. Despite firms being funded for their strategic activities, the study also revealed that financial allocation was insufficient for effective strategy implementation. From these findings, the study concludes that active leadership and adequate financial allocation to activities targeted for strategy implementation are key for enhanced performance of the firm. The research study further concludes that resource allocation had a positive and significant influence on firm performance.

The overall study results on the influence of strategy implementation on firm performance indicated that resource allocation had the most impact on firm performance while firm structure and strategic consensus had the lowest contribution. The joint influence of strategic consensus, firm structure and resource allocation on firm performance was also significant and higher than the individual variables' effect on performance.

5.5. Recommendations

5.5.1. Policy makers

The study revealed that agribusiness firm leadership competency is key for effective strategy implementation. Therefore, the government, as a policy maker, should strengthen its strategic blueprint for the agribusiness sector to enhance capacity building for improved firm performance. Insufficient financial allocation to agricultural initiatives limits effective implementation which affects firm performance; thus, it is recommended that policies should be drawn up to facilitate easier access to credit for firms from financial institutions for adequate financing of the sector which will enhance firm performance and greater economic contribution of the sector to the country.

5.5.2. Management Teams

The management of agribusiness firms should foster inclusion of their personnel in strategic planning so as to enhance strategic consensus and alignment for implementation for strategies. It is also recommended that management teams should actively take up their roles in leading the firm for effective coordination of activities for achievement of set objectives. The study also revealed that financial resource allocation positively influenced firm performance and thus it is recommended that agribusiness management teams should adequately finance the activities that support their strategic priorities in order to enhance firm performance. The joint influence of strategic consensus, firm structure and resource allocation on firm performance was significant and higher than the individual variable's effect on performance, therefore management teams should enforce strengthening of all firm elements to align with formulated strategies for enhanced performance of the firm.

5.5.1. Scholars

The research findings are a contribution to the existing knowledge in strategic management field. The study is also expected to inform on the areas for further research work on agribusiness performance in Kenya.

5.6 Areas for Further Research

The study faced limitation in terms of scope because it was focused mainly on a study of donor funded agribusiness firms in Nyanza region. For the purpose of generalization, future studies may include other agribusiness firms implementing donor funded agricultural development initiatives in Kenya in order to broaden the scope of the study and also improve its representativeness. The inclusion of other internal firm elements other than strategic consensus, firm structure and resource allocation for strategy implementation may also offer a deeper understanding on pathways to improve firm performance.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER

Priscah W. Echessa,

P.O. Box 28589-00200,

Nairobi.

5th December,2019

Dear Sir/Madam,

<u>REF: ACADEMIC RESEARCH STUDY</u>

I am a graduate student at Strathmore Business School undertaking a Masters degree in Management in Agribusiness. The study am undertaking is titled **'Influence of Strategy Implementation on Performance of Agribusiness firms in Nyanza region, Kenya'**. You have been identified as a respondent and I humbly request you to fill out the questionnaire provided below. Your responses and information will be used for the purposes of this study only and will be held with utmost confidentiality. The identity of the person providing the information will not be revealed.

The topics we will delve into include: The firm's strategy and how the management is aligned with the strategy. Following that will be how the firm structure supports or hinders the implementation of strategy and finally to understand how resource allocation in the firm affects strategy implementation and overall firm performance.

The aim of the research study is to gain better understanding of the influence of strategy implementation on performance in your firm. Kindly note that there is no wrong or right answers and I encourage you to share your honest thoughts during the process. Please don't hesitate to contact me during this research period through my phone number 0725 415 970 or email echessamarika@gmail.com.

Thank you for your time and input.

Sincerely,
Priscah Werimo Echessa.
Strathmore Business School.

APPENDIX II: ETHICAL CLEARANCE APPROVAL

Strathmore
UNIVERSITY

3rd December 2019

Ms Echessa, Priscah
priscah.echessa@strathmore.edu

Dear Ms Echessa,

RE: Influence of Strategy Implementation on the Performance of Agribusiness Firms in Nyanza Region of Kenya

This is to inform you that SU-IERC has reviewed and **approved** your above research proposal. Your application approval number is **SU-IERC0578/19**. The approval period is **3rd December, 2019 to 2nd December, 2020.**

This approval is subject to compliance with the following requirements:

i. Only approved documents including (informed consents, study instruments, MTA) will be used
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-IERC.
iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-IERC within 72 hours of notification
iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-IERC within 72 hours
v. Clearance for export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days upon completion of the study to SU-IERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) https://oris.nacosti.go.ke and also obtain other clearances needed.

Yours sincerely,

for: Dr Virginia Gichuru,
Secretary; SU-IERC

Cc: Prof Fred Were,
Chairperson; SU-IERC

STRATHMORE UNIVERSITY INSTITUTIONAL ETHICS REVIEW COMMITTEE (SU-IERC)
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APPENDIX III: RESEARCH LICENSE

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **567319**

Date of Issue: **18/December/2019**

RESEARCH LICENSE

This is to Certify that Ms.. PRISCAH ECHESSA of Strathmore University, has been licensed to conduct research in Homabay, Kisumu, Migori, Siaya on the topic: INFLUENCE OF STRATEGY IMPLEMENTATION ON THE PERFORMANCE OF AGRIBUSINESS FIRMS IN NYANZA REGION, KENYA for the period ending : 18/December/2020.

License No: **NACOSTI/P/19/3157**

567319

Applicant Identification Number

Director General

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

APPENDIX IV: QUESTIONNAIRE FOR THE FIRM'S BUSINESS MANAGERS AND BUSINESS UNIT MANAGERS

The purpose of this questionnaire is to collect information regarding the influence of strategy implementation on the performance of agribusiness firms in Nyanza region in Kenya. The questionnaire has five sections and takes about 10 minutes to complete.

SECTION A: BACKGROUND INFORMATION

This section contains questions regarding the general description the organization to which you are affiliated and general information regarding your association with the organization.

1. Designation in the organization?

   Business Manager ☐ Business unit manger ☐

2. What is your firm's core business? *(Kindly tick all that apply)*

   Selling of agro-inputs ☐
   Provision of extension services ☐
   Marketing ☐
   Value addition of agricultural products ☐

3. Do you have a documented strategic plan for your firm?

   Yes ☐ No ☐

SECTION B: STRATEGIC CONSENSUS

This section contains questions relating to the strategy development process of your organization and the understanding of the entails of strategy from management and employee perspectives.

Kindly indicate your level of affirmation with the following accounts using the scale:

1=Strongly disagree; 2= Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree

	1	2	3	4	5
Employees at all levels of the organization are/were involved in the formation of strategies					
The involvement of employees in strategy implementation is considered essential in meeting company goals					
All employees of the organization are aware of their assigned role in effecting the strategies of the organization					
The link between my performance requirements and the business outcome is clear to me					
I am comfortable with the objectives set out for me in implementing the company's strategy					
All my tasks as relates to the strategy implementation are well defined and measurable					

SECTION C: FIRMS STRUCTURE

This section contains questions relating to specific jobs in the firm, the authorization to conduct the responsibilities, the allocation of the jobs and their coordination through procedures and policies. Kindly indicate your degree of affirmation with the following statements using the scale: **1=Strongly disagree**; **2= Disagree**; **3=Neutral**; **4=Agree**; **5=Strongly Agree**

	1	2	3	4	5
The departments and/or roles of employees within the organization allow us to achieve the goals of the strategy under implementation.					
I understand the role of each of my immediate colleagues and supervisors in effecting the strategy to achieve organizational goals.					
The coordination of activities in the organization in relation to strategy implementation is well understood by employees					
The allocation of work for all employees allows us to meet the goals of our objectives					
Supervisors actively control the tasks involved in the organization for achievement of our strategic goals					
The decision-making process relating to implementation of objectives of the strategy is well outlined					

SECTION D: RESOURCE ALLOCATION

This section contains questions relating to the organization's sources of capability for developing or advancing the firm's competitive position. Kindly indicate your degree of affirmation with the subsequent statements from the scale:

1=Strongly disagree; **2= Disagree**; **3=Neutral**; **4=Agree**; **5=Strongly Agree**

	1	2	3	4	5
The organization leaders have the skills required for implementation of the firm's strategy					
The financial resources of our company are sufficient for achieving the implementation of the strategy					
The resources assigned to each task/role are sufficient in carrying out the tasks required of employees					
The information needed to achieve employee tasks is sufficiently provided within the organization					
The skills of employees in the organization match the tasks assigned to them					
The technology availed in carrying out tasks is sufficient for meeting outlined goals					

SECTION E: FIRM PERFORMANCE

This section contains questions relating to the outcome of the implementation of strategy in your firm. Kindly indicate your level of agreement with the subsequent statements on a scale of 1 to 5:

1=Strongly disagree; **2= Disagree**; **3=Neutral**; **4=Agree**; **5=Strongly Agree**

	1	2	3	4	5
The sales of the organization are in keeping with the targeted					
The company makes sufficient profit to remain in business					
The cashflow of the organization is sufficient for ensuring uninterrupted business					
We generally supply enough product to meet customer requirements					
Over the past three months, we have not experienced significant reductions in our customer base					
Our customers consider our prices to be fair considering the value they assign to the products					
The profit from each customer is sufficient to meeting company financial targets					
Over the past three months, we have had a steady customer increase rate					
We have had a significant cost-free performance increment following implementation of the strategy					

Thank you for taking part in this study.

APPENDIX V: LIST OF DONOR FUNDED AGRIBUSINESS FIRMS IN NYANZA REGION AS AT JANUARY 2019

Agribusiness Firm	Location
Nuru Social Enterprises	Isibania, Migori county
Community Mobilization Against Desertification	Rongo town, Migori county
Nuru International Limited	Migori county
Christy Net Enterprise	Migori county
KUFGRO Agro- Enterprise	Migori county
KESOFA Investment	Migori county
Alphajiri Limited	Migori county
Kagan Agro-dealership	Homabay county
Agriculture Improvement Support Services	Rodi Kopany, Homabay county
Ndiso Heritage Investment	Mbita subcounty, Homabay county
Sondu Green Enterprise	Sondu, Kisumu county
Osiepe Practical Action	Muhoroni, Kisumu county
Jawa Agrovet	Kisumu county
Komame Agrodealer	Koru, Kisumu
Ugunja Agrodealer	Ugunja, Siaya county
E and A Limited	Ndori, Siaya county
Avepo Agrovet	Siaya county
Rads Agrovet	Siaya county
Nyandere Agrovet	Siaya county
Rafiki ya Mkulima Agrovet	Siaya county