THE EFFECT OF ORGANIZATIONAL FACTORS ON THE IMPLEMENTATION OF STRATEGY IN SMALL AND MEDIUM ENTERPRISES: A CASE STUDY OF SME’s IN NAIROBI COUNTY

BY

GITONGA EDWIN MUTHOMI

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfilment of the Requirements for the Masters of Business Administration (MBA)

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STUDENT’S DECLARATION

I, Edwin Muthomi Gitonga declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University- Africa in Nairobi for academic credit.

Signed: ___________________ Date: ___________________

Gitonga Edwin Muthomi (ID: 647996)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________ Date: ___________________

Fred Newa

Signed: ___________________ Date: ___________________

Dean Chandaria School of business
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My final appreciation goes to God, who has carried me all through this journey from begin to end by providing me with the resources, morale and above all good health to make this project a reality.
DEDICATION

I wish to record my sincere dedication to my family for their immense support in my life. You have all in one way or another contributed in this project report. God bless them abundantly.
ABSTRACT

The general objective of this study was to analyse the effect of organizational factors on the implementation of strategic plans in SME’s in Nairobi Central Business District. Strategic management process is very important for Small and Medium Enterprises that want to achieve high performance in a highly transparent world today. The context of the study was to establish the extent to which organizational culture influence implementation of strategic plans in SME’s in Nairobi Central Business District. To examine how organizational structure of the SME’s influence realization of efficiency in implementing strategic plans. To determine the influence of corporate leadership on strategic plan implementation in the SME’s in Nairobi Central Business District.

A descriptive research design was used to conduct the study and help solicit information organizational factors that affect SMEs. A descriptive research is that which describes an occurrence, and is used to document and describe the phenomenon of interest. For this study the target population was the employees of various SMEs located within the CBD. According to the African SME report, there were approximately 30,252 employees within the CBD as of December 2016. The sampling technique used was stratified sampling technique on a sample size of 100 respondents drawn from various industries. This figure was arrived at using Yamane’s formula. From the sample of 100 respondents, only 89 responds were collected giving this study a response rate of 89%. The quantitative data was analysed using Statistical package for social sciences (SPSS). The study used descriptive data analysis techniques as well as inferential statistics such as Pearson’s Correlation and Multiple Regression which tested the relationship between the dependent variable and the independent variables.

The study established that culture plays a major role in successful implementation and it creates a link between the strategic fit and the culture in the organization. It was also noted that majority of the elements of culture played a key role in embracing changing business environment which is a catalyst for the need to implement strategy for the organization to remain relevant in the industries in which they operate. Analysis of the second objective that related organizational structure and strategy implementation revealed that when a structure is in place, it encourages employee participation within the process and thereby making implementation relatively smooth. A clear structure was also seen to enhance responsibility and roles distribution effectively during strategy implementation by virtue of all employees knowing exactly what responsibility lies of their shoulders. The third
objective clearly shows that an organizations leadership is the key pillar when it comes to matters strategy. The leadership is involved with deciding the strategy that should be implemented and communicating it throughout the organization to ensure everyone’s tasks are aligned to the vision and mission of the organization. Corporate leadership was found to be rigid when it came to reacting to unexpected circumstances that may occur to deter the organization from the intended direction. There was a strong positive correlation between strategy implementation and corporate leadership.

The study concluded that there is a strong alignment between aspects of culture such as values, traditions and ethics, with changing organization needs that in turn provide direction and promote strategy implementation. The study concludes that various SMEs respect the different individual cultures which was clearly seen by the diverse range of opinions and ideas. It concludes that strategy follows structure. This study concludes that corporate leadership has a major role to play in strategy implementation in SMEs. There needs to be more involvement for there to be successful match between the organizations capability and strategy coupled with the right spirit and vision to inspire the followers and enhance effectiveness.

This study recommends that SMEs instill culture among its employees to foster success in implementation. It also deemed it crucial for organisations to have clearly defined structures that facilitate all aspects of strategy incorporated in the structure to advice and outline the roles of all employees in the task of successful strategy implementation. There is also need for SMEs leadership should take the lead role in giving direction and facilitating flow of information while also evaluating performance during strategy implementation to enhance the chances of a successful outcome.
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LIST OF ABBREVIATION AND ACRONYMS

ANOVA : Analysis of Variances
CBD : Central Business District
KNBS : Kenya National Bureau of Statistics
NCC : Nairobi City Council
SD : Standard Deviation
SME : Small and Medium Enterprises
SPSS : Scientific Package for Social Science
UK : United Kingdom
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background to the Study

In the past few decades, researchers have investigated the effects of formal strategic plans on overall performance in organizations. Many have concluded that there is no consistent association between the process leading to strategic plans and performance (Khayota, 2014). Steiner (2011) provides a thorough conceptualization of a strategic plan that it is an attitude and an outcome of a process concerned with the future consequences of current decisions. Despite research by Steiner (2011) and others founded on the critical assumption that strategic plans are important, the debates rages on in the literature; the key question being if there is really a link between strategic plan formulation, implementation and organizational performance.

Langley (2010) also provided support for the benefits of strategic plans, identifying four roles of formal planning. In the public role, formal strategic plans are intended to impress or influence outsiders. The information role provides input for management decisions. The group therapy role is intended to increase organizational commitment through the involvement of people at all levels of the organization. Finally, the direction and control roles are fulfilled when plans serve to guide future decisions and activities toward some consistent ends. According to Roach, the strategic plans are the product of the best minds inside and outside the corporation (Allen, 2013). The process considers future implications of current decisions, adjusts plans to the emerging business environment, manages the business analytically, links, directs, and controls complex enterprises through a practical and working management system. This process plays a vital role in firm performance (Allen, 2013). Corchón, (2012) suggests that effective strategic plans are not as rational and analytical as it has been portrayed in the literature. Robinson and Pearce argue that formal strategic plans are a conceptual activity suited solely to larger firms and therefore have no effect on the performance of small firms (Pearce, 2014).

Sinha (2010) established some kind of a planning-performance linkage. He examined 1087 decisions made by 129 Fortune 500 firms between 2002 and 2006. Consequently, he concluded that characteristics of the decisions accounted for 15 percent of the variance in data and therefore should be regarded as important determinants of the contribution strategic plans make to decision making (Sinha, 2010).
Implementing a strategy, according to Pearce and Robinson (2014), is the process through which a set of agreed work philosophies is translated into functional and operational targets (Pearce, 2014). Kotter and Best (2015) support this position when they state that implementation addresses the who, where, when and how, and it is thus the tactic that drives the strategy of the company (Best, 2015). According to Hussey (2010)(2010), implementation follows a six step process namely, envision, activate, install, ensure, and recognize. He further states that the implementation of strategy remains one of the most difficult areas of management. Its success depends both on the selection of an appropriate strategy and converting that strategy into action (Best, 2015).

Kotter and Best (2015) see the real challenge in strategic planning resting with turning tactic into a strategy for the company and doing this requires effective implementation. Implementation involves activities that effectively put the plan to work. Implementation of the tactic drives the strategy of the company (Best, 2015). Strategy implementation is likely to be successful when congruence is achieved between several elements crucial to this process. This may be grouped into two groups of structure and process elements. Structure defines the configuration of a company showing the relationships that exists between the various parts of the company. The process element includes leadership, culture, resources and other administrative procedures. The structure of the company should be compatible with the chosen strategy. If there is incongruence, adjustment will be necessary either for the structure or for the strategy itself. Alfred Chandler (2013) points out that while structure influences strategy in certain situations (Chandler, 2013).

Hussey (2010)explores the subject of successful strategy implementation by introducing the concept of “soft” and “hard” aspects of implementation. He argues that there are soft and hard elements which need to fit together if the strategy is to be implemented (D’Ortenzio, 2012). The soft elements comprise the behavioural dimensions while the hard elements comprise the analytical dimensions to the process of making and the subsequent implementation of strategy. He contends that the issue then becomes one of creating a strategic fit between the soft and hard elements and organizational variables. To be successful, the strategic plan must have the support of every member of the firm. This is why the top office must be involved from the beginning. A company's leader is its most influential member. For effective implementation of strategy, there is need for adequate
leadership in the organization. This will ensure that all the organizations effort is united and directed towards achievement of the organizations goals (Pearce, 2014).

It is important that the culture of the organization be compatible with the strategy being implemented. Roy argues that corporate culture is one of the important attributes characterizing the management of excellent organizations (Roy, 2014). Such organizations achieve a fit between their strategies and culture. Lack of this fit can lead to resistance that in turn may frustrate the strategy implementation effort. The strategy to be implemented should be realistic in relation to available resources. Human capital is an important resource in the organization, therefore training and development is very important for improved performance. Such training is important for enhancing ability to develop and strategy implementation. In order to enhance effective strategy implementation, there is need to have adequate administrative process and procedures in place.

In view of the sizes and complexities of Small and Medium Size Enterprise (SMEs) operations and management styles, most SMEs fail due to their strategies which in the process affect their survival and competitiveness (Nyamwanza, 2014). Strategic management and particularly strategy implementation has been considered to be the key behind SMEs success. Strategy implementation is the most complicated and time consuming part of strategic management and managers do not pay as much attention to the planning of implementation as they pay to formulating strategy (Shah, 2005).

Mbogo suggested that SME’s, play a very important role within the Kenyan economy (Mbogo, 2013). It is calculable that there are Seven and half million SMEs in the Republic of Kenya and also that this sector provides approximately eighty percent of employment and contributes over Ninety two per cent of the new jobs created annually (KNBS, 2014). SME’s in the Republic of Kenya are expanding to meet the ever growing East Africa Community market and by taking advantage of the fact that the country is the manufacturing hub of the East African region (Mbogo, 2013). The SME’s rate of growth is however, according to the World Bank (2014) is slow since the economy was expected to have grown at about five percent by 2013 and should have welcomed 2014 at a high economic position.

According to (Opijah, 2012), SME’s in Kenya face many challenges at the strategy implementation stage. With increased competition in this industry space, it is paramount to
analyse the implementation of strategy to help mitigate and identify possible course of action to deal with this challenges.

1.2 Statement of the Problem

Small and medium-sized enterprises (SMEs) make up the vast majority of businesses across the world. They accelerate economic growth, create lots of job opportunities, foreign exchange and tax revenue for governments among other advantages of SME’s bring to the table (King & McGrath, 2002). Along with all this benefits, studies have shown that three out of five SME’s fail within the first five years of operation (Nickels, 2002). This implies that there is a challenge in the implementation of the SME’s intended plan of action, which in essence is the strategy implementation process. Strategy implementation is one of the most difficult yet it is a very important and critical part in strategic management which has an adverse effect on how business operate and more specifically on how they decide on which course of action to take within the organisation (Mousiolis, 2014).

On the other hand Wang, Walker, and Redmond (2011) concluded that some owner-managers of SMEs do not want to grow, are happy with staying small and at one end of the continuum, some are simply buying themselves employment and therefore are relaxant on implementing strategies, which is not necessarily a bad thing but highlights that many businesses are not entrepreneurial and never engage in active growth activities and sustaining competitive advantage (Wang, 2011). Results from research conducted by Wilson and Eilertsen (2010) advocated that a well-conceived strategic plan enhances business performance, decision making, catalyse strategic change and contribute to strategic direction in organizations resulting to competitive advantage through matching firm capabilities and competencies to the external environment, effective decision making, and optimal allocation of resources and long-term prosperity of the firm (Eilertsen, 2010).

Strategy implementation is an iterative process of implementing strategies, policies, programs and action plans that allows a firm to utilize its resources to take advantage of opportunities in the competitive environment (Hrebinia, 2006).

Many studies have acknowledged that business strategies often fail not because of inadequate strategy formulation, but because of an inappropriate implementation strategy. This study would outline the factors that enable or impede effective strategy implementation. This study would highlight how strategy implementation has been
researched so far and how this field may be moved forward so as to help in effective execution of a business strategy. Previous studies undertaken in this field of study have found many factors that are essential in strategy implementation that alter the flow of this process. They include Organizational factors, Executors of the Strategy, Communication within the organisation, implementation tactics, Commitment to the Strategy and Administrative systems within the organisations. Organizational Factors will be discussed further in the literature. Formulation of an effective strategy, making the strategy work and implementing it throughout the company is a difficult task (Hrebiniak, 2006).

Studies done in this area have mostly chosen to generalize all factors that affect strategy implementation. This is however not the case in all SME's. Organizational factors are too broad of a subject to be generalized. The aim of this study is to go a step further into understanding the role of these factors in implementation of strategy. This study will establish the impediments or benefit of these organizational factors to the SME’s in Nairobi Central Business District.

1.3 General Objectives
The general objective of this study was to analyse the effect of organizational factors on the implementation of strategic plans in SME’s in Nairobi Central Business District.

1.4 Specific Objectives
1.4.1 To establish the extent to which organizational culture influence implementation of strategic plans in SME’s in Nairobi Central Business District,

1.4.2 To examine how organizational structure of the SME’s influence implementing strategic plans,

1.4.3 To determine the influence of corporate leadership on strategic plan implementation in the SME’s in Nairobi Central Business District
1.5 Significance of the Study

1.5.1 Small and Medium Enterprises (SME’s)

The study will help SME’s identify factors that relate to the Implementation of strategic plans. They will learn to address the challenges and eventually overcome them. It will act as a guide to those involved in the process of strategy implementation by providing them with the tools required to successful implementation of a strategy and how to make the strategy all parties involved work with synergy.

1.5.2 Training Institutions

The study will assist organisations that are involved in training of employees for SME’s. It will help them tailor make training kits that will enable the participants develop their own strategies. It will also facilitate creation of programs that are in line with the current demands in the industry to the benefit of both the SME and the training institution.

1.5.3 The Government

One of the governments’ roles in business is to support and provide a conducive environment for business to operate and attain their goals. This research will provide the government with the challenges facing SME’s with the hope that it will take action in solving this problems where applicable.

1.5.4 Financial Institutions

Financial institutions can play a role by providing a means for the SME’s to implement their intended strategies and in the long run benefit immensely from the SME’s Sector as a whole.

1.5.5 Researchers and Academicians

This research was conducted with the aim of helping future academicians to carry out further research in the field of strategy implementation in organisations, more specifically in SME’s. It will enable researchers draw parallels and basing points for further studies in
the sector or in other sectors while contributing to the larger subject of Strategy management.

1.6 Scope of the Study
This study will focus on three key organizational factors that affect the process of strategy implementation within small and medium size enterprises within Nairobi Central Business district. In this case, the researcher will collect the relevant information from various employees throughout various SME’s in Nairobi spread out in top level management, Middle level management and lower level management specifically those who have been involved in the strategy implementation process or plan to be involved in due time. The research was carried out during the months of February 2017 to April 2017.

1.7 Definition of Terms

1.7.1 Strategy
A Strategy is defined as the process of selecting and prioritizing the right activities in order to achieve the vision of an organisation (Mintzberg, 2015; Welch, 2005).

1.7.2 Strategic Management
This is the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives (Mintzberg, 2015).

1.7.3 Organizational Culture
Organizational culture is defined as a set of shared mental assumptions that provide rationalization and action in organisations through definition of applicable and appropriate behaviour to be followed in the various situations that may arise in the working environment (Schein, 2010).

1.7.4 Organizational Structure
An organizational structure is how activities are directed toward the accomplishment of organizational aims. It entails activities such as task allocation, coordination and
supervision. It can also be considered as a thought-about process through which individuals or other people view the organisation in the environment which it operates (Chandler, 2013).

1.7.5 Corporate Leadership

Corporate leadership consists of the highest executives within organisations who administer and oversee its operations and plot strategies for the benefit of the organisation in the long term (Eilertsen, 2010).

1.7.6 Small Size Enterprise

Small size enterprise is classified as a firm that satisfies the following criteria: has a turnover of not more than £5.6 million; has a balance sheet total of not more than £2.8 million; has 50 or less employees (Akrani, 2009).

1.7.7 Medium Size Enterprise

A medium sized Enterprise is classified as a firm that satisfies the following criteria: has a turnover of not more than £22.8 million; has a balance sheet total of not more than £11.4 million; has 250 or less employees (Akrani, 2009).

1.8 Chapter Summary

This chapter is on the background of this study. The chapter has discussed the problem statement and the general objectives. To get a better understanding of the general objectives, the specific objectives were outlined as well as an insight into the importance of this study to various stakeholders. The scope of the study was outlined to give more perspective to the areas of study as well definition of some key terms that are relevant to the study.

In the next chapter, critical literature review based on the general objectives is provided. Chapter three gives details of the research methodology that was used to investigate the problem. Chapter four provides the results and findings and finally chapter five presents a summary of the study findings together with a detailed discussion, conclusions and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter provides a theoretical review and literature view relevant to this study discussing some of key the variables of strategy implementation and its effects on organisations. The literature review gives an insight of previous view on organizational factors that are influential during the strategy implementation process in SME’s while identifying the gaps in literature in this area of study.

2.2 Influence of Organizational Culture on Strategy Implementation

2.2.1 Strategy Implementation.

Strategy Implementation is a key step towards strategy formulation. It is among the major components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objectives (Pearce & Robinson, 2003). Strategy implementation is the process by which the organization’s chosen strategies are put into operation (Lynch 2000). Implementing strategy requires the different aspects of the strategy to be split into roles and responsibilities before being allocated to the various sub sections or division within the organisation. The main challenges facing implementation of strategy appears to be confounded and related to the inner working within an organisation. For this study we will focus organizational factors and the role they play, more specifically on culture, structure and corporate leadership (Pearce, 2014).

Issues surrounding strategy implementation include concerns of who is accountable for strategy, the foremost appropriate organization structure that ought to support the implementation of strategy, the requirements to adapt the systems to effect the changes with consideration to the available resources (Best, 2015). Once strategies have been developed, they have to be enforced for them to be viewed as either effective and actionable or worthless. Poor implementation of an appropriate study might cause a strategy to fail while a great implementation plan will solely not guarantee success, however it can come to the aid of an ailing appropriate strategy (Wheelen & Hunger, 2008).
According to Hrebiniak (2006), a great strategy that can't be enforced where it creates no real value. Effective implementation begins throughout strategy formulation once queries of “how to try to it?” ought to be thought of in parallel with “what to do?” (Hrebiniak, 2006). The implementation process covers the entire managerial activities including such matters as motivation, compensation, management appraisal and control processes. Strategic implementation is concerned with both planning on how the choice of strategy can be put into effect, and managing the changes required (Steiner, 2011). The success of strategy implementation depends on both the selection of an appropriate strategy and converting that strategy into action.

Communication and coordination is largely dependent on the main focus during formulation of the strategy and in order to enhance value chain linkages and synergy, some key issues need to be emphasized and all parties involved should clearly understand what is expected to wade of any confusion or ambiguity to be resolved.

Campbell et al (2012) suggested four guidelines for strategy implementation while detailing the analysis of pinpointing where possible the benefits of synergies are most likely to be obtained while establishing the details of how resources should be shared. He encouraged use of an emergent approach to synergy development and value chain linkages as a more likely effective way to produce results and organization’s hierarchy must clarify in advance what synergies are being targeted. Most strategies need resources to be allocated to them if they are to be implemented successfully. Resource allocation process should be based on the contribution of the proposed resources towards the fulfillment of the mission and objectives of the organization as stated in the strategic plan.

The main aim is to use a formal planning system for the development and implementation of strategies related to the mission and objectives of the organization. Approaches to strategic planning, top down, bottom up and integrated (Mintzberg, 2015). Mintzberg and Quinn (2015) suggested three ways in which strategic planning can assist firms namely communication process throughout the organization by setting out review and planning thinking, to find new strategic insights by posing new questions outside normal operations and to assist the presentation of alternatives and possible radical ways of viewing strategic issues.
Strategy implementation and control are important aspects of implementation because information can be used to assess resource allocation choices, to monitor progress on implementation and to evaluate performance of individual managers as they go about the achievement of their implementation tasks. Strategic control is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises and making necessary adjustments. In contrast to post action control, strategic control is concerned with guiding action of the strategy as that action is taking place and when the end result is still several years away (Mintzberg, 2015).

It is evident that the implementation of strategy is not a straight arrow procedure, rather it requires one clear cut measures to ensure smooth sailing and actionable results to be considered successful. In the case for majority of organisations, some of the key factors that hinder successful implementation are related to the organisation itself.

**2.2.2 Organizational Culture**

The concept of organisation culture is seen as highly complex in nature, it has drawn a wide variety of definitions from scholars. Organizational culture is viewed as the collective thinking of minds that can create a difference between the members of one group to another through gained knowledge, experiences, shared values, beliefs, communication and behaviours (Kuang, 2011). Organizational culture should be aligned with the vision, values and goals as defined in the mission statement (Magaisa, 2014). For an organisation to achieve its goals and objectives, everyone who is part of the organization must share the values and norms of the organisation and align the business’ goals with their own (Michlitsch, 2000). Michlitch suggested that by creating an environment that demonstrates how the organisations operates, what they set out to achieve, how they intend to achieve it, employees adapt these norms and work towards the achievement of the objectives (Michlitsch, 2000).

Organizational culture is critical in strategy implementation as it affects the how employees do things in the organization (Wheeler, 2002). Charan (2006) emphasizes the need and importance of culture by stating that the greatest cause of SME’s under performance is the failure to execute and the inability to take decisive action is rooted in a company’s culture. An organization with a weak culture has an impact on how effective the strategy
implementation in the organization will pan out. It shows that employees would lack strategic coherence and direction which would lead to there being an implementation gap between management and the employees (Charan, 2006). Mullins (2010) stated that the culture of an organization is similar to an individual’s personality (Mullins, 2010).

The collaborative model allows more inclusivity of as it diversifies the power of strategic decision-making from the overall head of the organisation to the management team that runs the day to day activities of the organisation. This model is a source of motivation to the managers and provides the strategic decision-making–process with relevant information and scarce resources for them to use. In this model, the head of the organisation is the moderator of the strategic decision making process and therefore facilitates generation and acceptance of all relevant ideas. The major undoing of this model results from the fact that collaboration does not reach beyond top management. More decision making may lead to conflicts of interest, which may mean less rationality (Brodwin, 2004). The collaborative model of strategy implementation further implies that organisations should have strong cultures and inherent traditions and that the major problem arises from lack of cultivation of these values that are very essential in meeting the changing organizational needs (Kotter & Heskett, 1992).

Schindholzer (2008) defined strategic stretch goals frees those employees that are willing to innovate an opportunity to bring their ideas (Schindlholzer, 2008). For those for whom innovation is only a buzzword, stretch goals create a “sense of urgency” that stimulates and forces them to work on ideas that help their organization achieve these lofty goals. Keep in mind, however, that the point of “pressure” and “sense of urgency” is to get people to not only work harder, but smarter (Edinger, 2012). This instils a culture of risk-taking and creativity that raises the capability of the entire organization.

Organizations Culture plays a key role in creating an environment that enables learning and innovative response to challenges, competitive threats and creates new opportunities. Creating and influencing an adaptive culture is one of a manager’s most important and difficult jobs. Creativity and innovation trigger the performance of employees and which are facilitated by organizational culture (Uddin, 2012)
Organisations that adopted cultural model of the holistic strategy implementation theory, advocated for lower level employees contribution in formation and implementation of the strategy. Such organisations aim to instil their corporate culture throughout the entire organisation. It is assumed that an organisation is most likely to succeed when the employees have a strong cultural alignment which in turn enables them to adjust their personal goals and behaviours to suite the wholesome agenda. This model however makes assumptions of highly intelligent participants who are well informed which is not necessarily the case. The high cost of culture change and increased homogeneity in work places results in loss of diversity and limits creativity which in turn leads to drifting focus of the organisation as a whole (Lankford & Parsa, 2009).

For a strategy within an organisation to be implemented successfully, culture and objectives should go hand in hand (Sadri & Lees, 2001). According to Arthus et al (2005), culture that exists within an organisation cannot be separated from the behaviour of the leaders of the organisation. The way in which they lead directly impacts on the culture and teamwork within the organisation. People are prone to imitating the behaviour they observe from the leaders. An effective, strong and healthy culture is critical in the quest to improve any organisations performance. This can be attributed to observation that culture controls the way in which individuals make decisions and manage the organisations environment. This should therefore lead the organisations management to identify and sustain a culture that fosters the desired results.

**Types of Cultures**

Organisations differ in their culture and their culture differ in strength for various organisations (House, 2004). Strong cultures are more enduring and offer more consistency in the behaviour reflected by the employees of the organisation. On the other hand weak or unclear cultures tend to be a lot more fragile when subjected to scrutiny and are more likely to be disintegrated or misappropriated (House, 2004).

According to Hofstede (2004), there are different levels of culture that imply values, rituals and symbols. There is also a dual analysis that is implicated in each level of the cultural variables which are considered to be either good versus evil, forbidden or permitted, decent or indecent, normal or abnormal and moral or immoral (Hofstede, 2004). In his opinion culture reproduces itself with its roots being deep in the society, values, institutions having a high level of knowledge in cultural variations is very important in management style especially when subjected to different cultures that differ from one’s own perspective.
(Hofstede, 2004). He identified six cultural dimensions; Power Distance Individualism vs collectivism, Masculinity vs femininity, Long term orientation, Indulgence vs Restraint and uncertainty avoidance.

**Power Distance:** This is the measurement of how society accepts unequal distribution of power of people and organisations.

**Individualism versus Collectivism:** The degree of responsibility in actions for individuals or groups within an organisation.

**Masculinity versus femininity:** The extent to which the social and emotional traits are allocated to different genders.

**Long term orientation:** The size of social material and emotional need from a society to program its employees to accept delayed satisfaction.

**Indulgence versus Restraint:** This involves the amount and ease of spending and fulfilment of needs. For example, a restrained culture may have strict rules and regulations for tapping company resources, while an indulgent culture may not.

**Uncertainty avoidance:** The level of acceptance given by the threat of uncertainty and ambiguity and as a consequence of avoidance.

A strong organizational culture is attained by finding the appropriate cultural dimension that is relevant and effective for the specific organisation. It is produced by observing specific processes and developing consistency in activities and systems in the organisation (Denning, 2011). Research has shown that organizations with strong cultures incline towards high economic performance over time, especially in markets that are highly competitive, where constraints on organization behaviour are greater (Meldrum & Atkinson, 2008). Equally important is the effect of culture strength on performance variability. In an organisation with strong culture, employees are likely to conform more consistently to well understand rules and behaviour. Higher conformance leads to less deviation in performance leading to increased belief in the organization by both customers and suppliers. More consistent performance also raises the credibility of the firm in the eyes of its competitors (House, 2004).
2.2.3 Organizational Culture and Strategy Implementation

The implementation strategy is also incorporated in the clarification of new operational procedures, roles and responsibilities which in turn assisted managers in the effective implementation of performance processes and measurement by providing proper training and technical assistance, establishing new performance information databases, developing guidebooks which contained best management practices (Poate, 2001). The facilitation of changes in the organization’s culture, that is the values, attitudes, and behaviours of its personnel required the effective implementation of results based management (Weaving and Thumm, 2009).

Implementation almost always creates the need to manage change in complex and highly structured organizational contexts (Digman, 2008). Many of the areas of change are behavioural in nature and thus multifaceted in nature. The culture should also include acceptance of change and open-mindedness to new ideas and concepts. For new strategies to be effectively implemented, it must firstly be accepted and adopted by employees (Pearce, 2014). Kuang (2011) suggested change management program as a critical factor and culture during strategy implementation. It is seen to be continuing through the entire strategic management process and as part of the change management efforts, employees should be involved in design and implementation of organisation processes and formal education and training should be provided to help them do so (Kuang, 2011).

Commitment to change is a force that binds an individual to a course of action deemed necessary for the successful implementation of a change initiative (Becker, 2004). Change commitment is similar to organizational commitment which includes affective and normative types of commitment. Affective commitment focuses on individuals whose commitment is based on the perceived value of something tapping into the commitment arising from a desire to engage with change as opposed to constraints based on rational calculations or perceived obligations and desires (Becker, 2004). As affective commitment to change is based on an internal desire, it is more likely to endure than other commitment types and buffers employees from the challenges of change (Cunningham, 2006). Affective commitment to change is likely the most vital form of commitment in overcoming adversity. Similar stakeholders of SME’s should be commitment to change (Shah, 2005).
The emphasize that change management and enterprise development is an increasing concern for organisations at this time, they struggle to cope with technological advances, globalization, denationalization and deregulation, which in turn leads to a much more complex marketplace. Subsequently, this complexity requires organization’s to learn how to adapt to change and to ultimately learn how to manage it in order to remain relevant.

2.3 Influence of Organizational Structure on Strategy Implementation

2.3.1 Organizational Structure

Organizational structure as consisting of two main dimensions: work division, distributing tasks and activities and coordination mechanisms, including standardization and formalization (Meijaard, Brand, & Mosselman, 2002). There have been four basic elements of organizational structure that have been highlighted over the years. They include; centralisation, formalization, span control and departmentalization (Colombo & Delmastro, 2002).

Varying degrees of formalized structure, which enhance or impede the successful strategy implementation within organisations (Achcaoucaou, 2010). Research on the practice of strategy implementation in SME’s indicated that organizational factors such as formalization, centralization and specialization of organization structure, play a key role in enhancing strategy implementation (Ibrahim, 2012). Formalization in an organizational structure: the routine nature of succession. The roles of this specific position never changed, no matter who is doing this specific job position. Use is documented to record the work procedures, so that the new employee took over the vacant position from other employees (Schatz, 2013). The underlying structure of a formalized organization does not change unless it is purposely altered by management. Such a structure is easily understood and explained. Aligning of day to day work processes with the overall mission and objective of the organization is easily achievable in a formalized organizational structure (Schatz, 2013).

Formalization is influenced by technology, size, and organizational traditions. The technology can be categorized as routine and non-routine (Feffer, 2013). Sometimes, organizations and functional units, where the work is monotonous, are more highly formalized than the organizations and the functional units, where the work is non-routine. It can be easily seen that the size of the organization influences the formalization (Kimiti & Juma, 2012). Large organizations have a greater need to formalize their activities as
compared to smaller organizations. Also traditions and history of the organisation influences the formalization. If an early top executive believed that rules and procedures should he follow the letter, this set of beliefs was codified into the organization's procedures manuals. The organization remained more formalized over time than existing conditions that it might have predicted.

For SME’s the structure should be simple and less formal to enhance strategy implementation and flexibility during the process. Mintzberg suggests also that simple structure has as its key part the strategic apex, uses direct supervision, and employs vertical and horizontal centralization (Mintzberg, 2015). However, while a formal organizational structure can be perceived as reflecting inhibition and inefficiency, it can also reflect order and stability (Kimiti & Juma, 2012). It enhances clarity, transparency, and objectivity while ensuring the task is more stable, less complex and routine formalization can also streamline decision making process and thereby improving efficiency and speed (Hall, Lotti, & Mairesse, 2009). The need of organization systems formalization is amplified with the companies” size. The larger is a company, the more intense must be the formalization. Among the SMEs, it is the case of the medium enterprises. As within the SMEs, the microenterprises represent 99 percent, the formalization need is lower (Nicolescu, 2009).

Formalization is the process through which an organization sets rules, standards, and procedures to ensure that things get done correctly (Schatz, 2013). From an organization's point of view, both processes are important and crucial. If it acquires a specialized work force, the organization itself simply is not paying the costs of inculcating standardized practices. Formalization allows employees to become more efficient which increases their motivation, which ultimately may lead to increased job satisfaction and organizational commitment (Kimiti & Juma, 2012). Welch disagrees with this concept of formalization. Formality creates boundaries, Welch advocates eliminating boundaries in the work environment. When the organization structure is informal and simple it enhances harness the power of diversity, this is the strategy has been implemented in General Electricals (Welch, 2005)

Akrani (2009) identifies that secular experience shows that the specific element to most of the entrepreneur is the informality of the human relationships, the accent being on the open, intense approach and contacts with the persons who they working with (Akrani, 2009). The small size of the companies, content of the entrepreneurial spirit, the setting up and
developing of the SMEs, starts with a person or a very few number of persons who determine the creation of an informal working environment where the authority, roles, norms and the informal leadership play a significant role (Nicolescu, 2009). Researchers have given several explanations for some of the key determinants of failure by SMEs to carry out strategic implementation and management of their enterprises, one of them being informality (Magaisa, 2014). Informality refers to the legal status of business owners’ enterprise. In many cases, micro and small enterprise operate without legal registration and mostly just referred to as informal sector. According to Schiebold (2011), unregistered businesses have an implication on the business success in numerous ways. This has an implication on the organizational structure in the SME sector.

Centralised organizational structure is a hierarchy of decision making where all processes and decisions of an organisation are handled only by top and middle or executive level managers. Employees below this level are limited to specific tasks relating to implementation of strategies that involve new processes and decisions which in the end affect the entire organisation (Pearce, 2014).

Typically, there are various ways an organisation can be different in terms of growth. The number of employees, customers and goods or services increases (Kuang, 2011). Consequently, the job of leading the organization becomes more complex and extensive for the initial founder, and new routines may have to be put in place. Differentiation can be attributed to various factors, although, the most common ones are functional/occupational differentiation, geographical decentralization, differentiation by product, market, technology and differentiation by hierarchical level (Schein, 2010).

Okwachi, Gakure & Ragui (2013) concluded in their study of decision making channels that the effect of managerial practices on the implementation of strategy by SMEs in Nairobi concluded that SMEs have a fair decision making channels (Samuel Okwachi, 2013). The findings are in sync with Temtime & Pansiri (2006) who observed that SMEs had centralized decision making, wide span of control and low levels of formalization due to absence of a clearly defined vision (Zarook, 2013).

Bouchard and Basso (2011) and Galloway and Mochrie (2005) observed that the owner’s ambition and motivations, and those influenced decision-making, entrepreneurship, strategic planning and implementation all varied. Mazzrol (2004) concluded that this is as a result of mistrust on the owner’s part because in most SME’s, decision making is central
due to the influence, ambitions and beliefs of the owners who rarely consult the management. According to Pearce & Robinson (2013) the benefits to a centralized organizational structure are clear cut and to the point because that’s exactly how this model is meant to be (Pearce, 2014). This leaves little room for errors and ensures the basic processes are carried out effectively and operational procedures are accurate. Majority of the employees in such SME’s appear to enjoy this structure as it promises them the security of knowing their position in the organisation.

2.3.2 Organizational Structure and Strategy Implementation.

According to Daft (2015), organisations are social entities that are goal directed, deliberately structured activity systems with permeable boundaries. People and their roles are the building blocks of organisations which exist for a purpose with activities deliberately subdivided into departments (Daft, 2015).

The structure of an organisation affects both its productivity and economic efficiency but also the morale and job satisfaction of the employees (Mullins, 2010). The structure should therefore be designed such that it encourages the employees of the organisation to enhance and organizational performance. The functions of the formal structure, activities and defined relationships of the organisation exist as independent entities with regards to the employees of the organisation who perform the assigned tasks. The overall effectiveness of the organisation will be affected by the structure in general and the people filling the various positions within the said structure (Mullins, 2010).

Management needs to acknowledge the existence informal organisations within the main organisation. This arise due to the various interactions among people who work in the organisation. By virtue of an organisation being a social entity, people working in it will establish their own norms of behaviour, social groupings and relationships irrespective of those defined by the formal structure (Daft, 2015).

Organisation structure is the intercessor between organizational goals and organizational effectiveness (Johns & Saks, 2004). To achieve this goals, the labour must be divided effectively among members of the organisation and then coordinated in efforts to reassemble the divided effort. John and Saks thus define organizational structure as the way in which tasks are divided into specifics and coordination among tasks is achieved.
According to Fincham (2005), organizational structure plays a key role in strategy implementation. The structure should be a function of a chosen strategy and that failure to adjust the structure to new strategic tasks leads to seriously undermine the actionable strategy. He agrees that in very rare cases, this happens but also tasks the senior management to question appropriateness of an organizational structure in relation to its key activities and the available resources that are key in strategy implementation (Fincham, 2005).

Every organisation must evaluate and carefully consider a structure that would work best for it to successfully implement a strategy. Chandler suggested that structure follows Strategy (Chandler, 2013). Structural developments arise once differentiation of tasks and dividing them into small attainable targets are grouped together to achieve organizational objectives which in the end result in strategy being implemented. Organizational structure must be designed so as to make possible the attainment of objectives of the organisation for a period of 10 to 15 years (Kotter & Heskett, 1992).

According to Chandler, there are five steps in fitting a structure to a strategy. They include:

a) Pinpointing the key functions and tasks requisite for successful strategy implementation.

b) Reflect on how strategy will relate the critical functions of the organisation to those that are routine and supportive of the core business.

c) Making the strategy a critical business unit and function of the main building blocks of the organisation.

d) Determine the degree of decentralizing decision making in terms of cost and benefits.

e) Finally, Provide coordination among the various units.

According to Lynch (2000), the factors that determine the organizational structure design include age of the company, size, environment in which it operates, centralization and decentralization decisions, technical content of works, culture and leadership style. Therefore with the said taken into consideration, the structure of an organisation should address the activities of the organisation, reporting relationships within the organisation and departmental groupings. This should be reflected and clearly highlighted in the organizational chart or organogram, which is a visual representation for the underlying activities and processes in an organisation.
The main role of organisation structure is to communicate the strategy through coordination and ensuring management of systems whether core or supportive to achieve the intended strategy.

2.4 Influence of Corporate leadership on Strategy Implementation

2.4.1 Corporate Leadership

Northouse (2013) defines leadership as a process whereby an individual influences a group of individuals to achieve a common goal. It is a process that promotes interaction between leaders and followers and is not necessarily a personal trait to the leader. Senge (1990) adopts a shared vision approach perspective on the relationship between the organisation and its leadership. It is the leader of the organisation that can show the way. However, he argued that, in a well managed development, the whole organisation is involved in developing the mission and objectives. The way an organisation evolves is a function of its leadership as much as it is the strategy. The leader doesn’t dominate and decide the organisation, rather he or she helps the organisation to develop a shared vision of its future and the changes required to achieve it. It’s the leaders who focus on forces of change and their impact it will have on the organisation.

Successful strategy implementation starts with a good strategy formulation and if the strategy is not well formulated it is deemed to fail from the start, Akrani (2009). It is therefore important to involve key employees from different levels of the organization in the formulation process and ensure a good strategy is formulated (Pearce, 2014). The involvement process aims at ensuring knowledge and skills from all organizational levels are engaged to achieve the organisations ultimate goal. Top management which includes the board directors is responsible for providing direction through strategy development process taking into consideration available organisational resources and prevailing market conditions (Allio, 2005). Involvement of key personnel in the process is also known to create ownership and support by all actors which is crucial for the success during the implementation stage (Daft, 2015). Hussey (2010) suggested that leading change is not easy due to the difficulty associated with arranging and aligning people towards a common goal. The role of a leader in any change process is to convince followers that change is for the good of the organization and not to be carried out to sole benefit of the leader. This own its own is a great task by virtue of the fact that determining the genuineness of the leader is difficult to judge (Root, 2014).
2.4.2 Corporate Leadership and Strategy Implementation.

According to Root (2014) argues that implementing strategy requires a team effort headed by your organization's leadership. Everyone involved in strategy implementation should have their responsibilities laid out and it is critical that the whole organization to understands the importance of leadership in strategic implementation to make delegating responsibility more effective (Root, 2014). Becker, Vandenverghe and Meyer (2004) state that, commitment starts from the owner of the business and do not end there. They must communicate the plan and bring on-board the employees in the strategy. In situations where employees are not committed, then rest of the organization will not be for the strategy thereby affecting their performance and sustaining competitive advantage (Becker, Vandenberghe & Meyer, 2004). There has been a widespread view that the lapses in leadership skills and management are a major constraint on the performance of businesses in the United Kingdom’s SME sector. This however is limited and partial since the study was conducted in the UK (Hayton, 2015). Hayton (2015) demonstrated that leadership and management Skills in SME’s are tools to be considered when measuring management practices and performance results (Hayton, 2015). This is important due to the fact that they prove that well-developed skills and the adoption of management’s best practices are positively related to firm performance. Further to this the evidence shows that under-developed leadership and management skills and a widespread failure to adopt management best practices are constraining the performance and growth of a large number of SMEs (Hayton, 2015).

In most SME’s leaders thinking is often flawed, as a result; nine out of ten times they fail to successfully implement the strategies they intend (Speculand, 2009). Speculand (2009) also argued that leaders often underestimate the challenges involved in implementing a strategy and hence delegate this process to others which results in the issues to be handled not being fully implemented. Strategies fail therefore, not because the strategy is wrong, but because the execution was terribly handled. Welch (2005) believed that to be successful in strategy implementation should be a concept of leadership rather than management. He adds that the SME owners should to lead more and manage (Welch, 2005). Welch (2002) shapes that leading by example is, key during strategy implementation. He further states by creating a vision and then ignites the organization to make it a reality led to success (Welch, 2005)
According to Mullins (2010) and Daft (2015), leadership is essentially a relationship through which one person influences the behaviour or actions of other people, those people intentionally wish for major changes, and the changes mirror purposes shared by followers and leaders (Mullins, 2010). If an SME owner has the competitive leadership style this could contribute to the success of their strategies (Shah, 2005).

Soriano and Martinez (2007) concluded that leadership was the means with which the image of the entrepreneur could be communicated to the whole organization from their study on importance of leadership in transmitting entrepreneurship in SMEs. Powell (2012) concluded that collective co-creation that comes from of a common understanding of issues was either enhanced or hindered by the reluctance or initiative of leadership in his study on the university role in the innovative leadership of SMEs in Europe. Shepherd and Wiklund (2005) noted that poor results in leadership in most SMEs are as a result of operating as extensions of their owner-managers such that their personal goals and visions form the core basis of their leadership. Stonehouse and Pemberton (2002) found that, leadership is reactive in SMEs because they lack resources to pursue training. Also Hutchinson and Fleck (2009) and Borbuza (2007) observed that leadership practices in SMEs were deficient due to the fear of losing control their studies on barriers to internationalization of small UK retailers and knowledge practices in SMEs in Turkey consecutively.

To cope with the uncertainty of strategy development, the leaders of the organisation have a key role in guiding, controlling, initiating and employing sound judgement to move the strategy implementation process forward. The role of leadership is crucial in the development of strategies and they are tasked with coming up with the implementation framework (Allio, 2005). The roles and skills that are new create a more flexible relationship between the leadership of an organisation and the task at hand. This ideally confirms that once the strategy and structure have been setup, the leadership takes over to enhance the two and in turn lead to strategy implementation (Schein, 2010).

Udai (2006) suggested that leading change within an organisation is not an easy task. The process from initiation to completion of the strategy requires a leader who is excellent in administration and able to convince the followers that a change is good for the benefit of the organisation. The main reason strategies fail is attributed to the change being seen a personal benefit of the leader rather than that of the organisation as a whole (Pearce, 2014).
The leadership challenge is to acquire commitment from the employees in the organisation as well as stakeholders outside the organisation that have roles to play in the implementation of the strategy. Pearce (2014) outlined three interrelated activities that help leaders attain commitment from the relevant parties. They are: Clarification of intent, which entails characterising what the company must accomplish to sustain leadership in its industry, building an organisation and shaping the culture towards the goals. To make a smooth transition from one step to another requires leadership and management to gain and hold the hearts of people involved while at the same time coordinating the many tasks involved (Allen, 2013).

Strategic change management is also very essential in strategy implementation process (Magaisa, 2014). The successful repositioning of an enterprise to meet new strategic direction often requires developing organizational capability to enable it attain its aims. The organizational capability is dependent on various factors such as those discussed above but fundamentally, a strategy’s first step towards success is having the right people to enforce it, which in this case is a leadership team with the right spirit and vision to inspire key contributions and enhance effectiveness of the capacity at their disposal.

At the end of it all, these changes that come about in the process of implementing a new strategy are all interlinked, from organizational culture to structure and down to leadership, the main goal is to deliver actionable and objectives of the organisation with speed, effectiveness while creating and sustaining a conducive atmosphere of motivation for the employees. This means blending together corporate leadership, management, culture and structure to create an organizational capacity that fits the new strategic intent and direction of the organisation.
2.5 Chapter Summary

This chapter reviewed prior works done by other scholars, academicians, and researchers on the effects of organizational factors on the implementation of strategic plans with respect to the specific objectives of the study which are organization structure, organization culture, and corporate leadership. It carefully discussed the various elements under each specific objective of the study and reviewed thoughts of different scholars and researchers while relating them to this study. It also looked at a critique of the existing literature and highlighted the major issues of contention over the numerous studies reviewed. The next chapter discusses the research methodology of the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter brings forward a discussion of the research design that was used for this research project. It clearly defines the population that was sampled and the sampling design that was used. This chapter introduces the collection, analysis and processing of the data collected and used to accomplish the research questions of the study. It also introduces the respondents of this study to the collection of data while outlining the research procedures that were carried out as per the research questions.

3.2 Research Design

Research design is a constitution of the collection, measurement and analysis of data which aids the researcher to allocate resources for the research methodology (Cooper & Schindler, 2014). Creswell (2012) stated that a research design is a plan and structure conceived to obtain answer to research questions.

The research design that was employed for this study is the descriptive research design. It allows for data collection that constitutes decisions that relate to the environment in the research area. A descriptive research design addresses the following questions: who, what, when, where and how (Cooper & Schindler, 2014). It aims to determine the relationship between the variables. This therefore leads the researcher to attempt to define the subject by profiling or creating groups of people, problems or events that allow collection, measurement and analysis of information required for this study. This design is appropriate in the study of the effect of organizational factors on the implementation of strategy on SME’s according to the definition above. The dependent variables used for this study is Strategy implementation while the independent variables are organization structure, organization culture and corporate leadership in SME’s.

3.3 Population and Sampling Design

3.3.1 Population

Tulland and Hawkins (2008) defined population as group the researcher wants to generalize or learn about while the population is the larger set of observations while the smaller set is referred to as the sample. Population is the total collection of elements about which we wish to make some inferences (Cooper & Schindler, 2014). Africa Centre for Open Governance (2012) report showed that a large number of SME’s in Nairobi adopted a
centralized system of management whereby each key decisions made is passed by their owners. This direction or approach tends to depict the homogenous nature of the SMEs that is entirely based on their management system, level of their human capital skills, training and capital requirements. The target population of the study consists of SMEs operating in Nairobi County and it consists of 30252 SMEs, registered in Nairobi County Government as of 2014 obtained from the Nairobi County business Licensing department.

3.3.2 Sampling

3.3.2.1 Sampling Frame
Cooper and Schindler (2014) outline a sampling frame as the list of elements from which the sample is truly drawn (Cooper & Schindler, 2014). It is a whole and proper list of population members solely. In regards to this study, the sampling frame is a list of SMEs in Nairobi specifically in the Central Business District area since this area is characterized by a large number of SMEs. The nature of business in Central Business District is mainly commercial, trade, retail, service and hospitality. The sampling frame covered only senior employees of these SME’s who facilitated the knowledge and data that was key for the analysis of the various factors that were being investigated with relation to this study.

3.3.2.2 Sampling Technique
Sampling technique is a scientific or statistical method of selecting the sample units that would offer close to accurate estimates with small margins of uncertainty. To conduct this study, probability sampling technique that was used with emphasis based on simple random sampling. A probability sampling method is any method of sampling that utilizes some form of random selection. In order to have a random selection method, some processes or procedures was put in place to ensure that the various units or sections of the population have equal probabilities or chance of being selected (Saunders, Lewis, & Thornhill, 2012).

To ensure equal and fair distribution of the SME’s and generalization of findings across the board, Stratified sampling technique was used to pick out the organizations then random sampling done to pick out the respondents from within the different stratas. Stratified sampling technique enabled generalization of a larger population with a margin of error that was statistically determinable. Stratified sampling was appropriate for this survey because the population is heterogeneous.
It statistically measures a set of individuals selected from the bigger cluster or population to approximate a response from the entire Population (Saunders, Lewis, & Thornhill, 2012). One justification for using the non-probability purposive sampling was that it stemmed from the idea that the research process was one of discovery rather than testing of hypotheses. It was a strategy where Lincoln & Guba (1985) describe as emergent and sequential. This creates a balanced subset that carries the best possible combination and potential of representing the larger group as a whole (Cooper & Schindler, 2014).

3.3.2.3 Sampling Size

Cooper and Schindler (2014) articulate that the extent of how large a sample should be is a function of the variation in the population parameters under study and the estimating precision needed by the researcher (Cooper & Schindler, 2014). Therefore, the sample size ensures that the information is detailed and comprehensive. However, due to limitations especially associated with time and cost, the whole population was not studied.

Target population size is 30252 in SME’s. Number of respondents for the sample size was derived from Yamane (1967) formula. This formula provides a simplified formula to calculate sample sizes (Saunders, Lewis, & Thornhill, 2012). The formula also gives a sample size with known confidence and risk levels.

\[ n = \frac{N}{1 + Ne^2} \]

\[ n = \text{Sample Size} \]

\[ e = \text{Error of } 10\% \]

Yamane (1967:886) provides a simplified formula to calculate sample sizes. The formula

Therefore:

\[ n = \frac{30252}{1 + 30252(0.10^2)} \]

\[ n = 99.670 \]

The sample size for this study was 100 respondents from different SME’s.
Table 3.1 below shows how the various SMEs were categorized. The frequency distribution was arrived at based on the total number of SMEs in that industry within Nairobi CBD.

### Table 3.1: Strata Classification

<table>
<thead>
<tr>
<th>Industry</th>
<th>Strata Classification by Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>15</td>
</tr>
<tr>
<td>Construction</td>
<td>20</td>
</tr>
<tr>
<td>Distribution</td>
<td>35</td>
</tr>
<tr>
<td>Healthcare</td>
<td>20</td>
</tr>
<tr>
<td>Transportation</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

### 3.4 Data Collection Methods

This research was conducted using questionnaires to collect the main data and observations were made to verify some of the gathered primary data. The questionnaires included open and closed ended questions, with the respondents’ having the liberty to answer appropriately. The Likert scale was used such that it provided room for the respondents to indicate the degree to which they agree/disagree with various statements.

Questionnaires were preferred because they are effective data collection instruments that allow respondents to give much of their opinions pertaining to the researched problem (Cooper & Schindler, 2014). The information obtained from questionnaires was free from bias and researchers influence and thus accurate and valid data was gathered. The first part of the questionnaire was on the background information of the respondents. The second and subsequent sections was questions regarding research questions for the study which include strategy plan implementation skills, strategy implementation organizational structure, strategy implementation culture and corporate leadership in SME’s in relation to Organizational factors.

### 3.5 Research Procedure

The study employed quantitative data collection approach. The data was collected using the questionnaire was used to develop the main data collection and observations were made.
to verify some of the gathered primary data. However, the content of validity of the data collection instruments was determined through discussing the stated questions in the instruments with the managers or owners of SME’s and the supervisor of the project where possible. This helped in obtaining the correct data required for the studies furthermore improve the questionnaire.

According to Mugenda and Mugenda (2003) the accuracy of data to be collected largely depends on the data collection instruments in terms of validity and reliability. Validity as noted by Robinson (2002) is the degree to which result obtained from the analysis of the data actually represents the phenomenon under study. Reliability refers to a measure of the degree to which research instruments yield consistent results after every repeated trial (Mugenda & Mugenda, 2003).

In this study, validity and reliability was done by pre-testing the questionnaire with a selected sample from the sampling frame. The selected sample for piloting was not used in the actual study. The pre-test was conducted to enhance clarity of the questionnaires. The data collected from the pilot survey was used to analyse and establish the reliability coefficient. These respondents were not included in the analysis of the study.

The participant of the research received the questionnaire via email and hard copy depending on the accessibility. This approach enabled to reach different sectors faster and gather data in time. The respondents were given an option to complete the questionnaire immediately for those given the hard copy and at a later time for those participants who got the questionnaire via email, based on their convenience, after which the researcher collected them for data analysis.

3.6 Data Analysis Methods
This study made use of the quantitative method of data analysis. To make sure that there was easy analysis, the questionnaires were first coded as per each variable in each question of the study so as to ensure the margin of error was minimized and assure accuracy during the analysis. Following data collection and coding, quantitative analysis was applied using descriptive statistics.
According to (Denscombe, 2012), descriptive statistics is simply a process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages which are a very vital part of making sense of the data. Data was analysed using Statistical Package for Social Scientists (SPSS) application to compute descriptive statistics for the collected set of data. The types of analysis that were used included central tendencies for instance mean which is the average of the sum of the data. Secondly, Measure of dispersion for example Variance and standard deviation. The data was coded as per the various variables in SPSS from the questionnaires. It involved assigning non-numerical variables numeric values to minimize the errors in accuracy during data entry and analysis. Descriptive analysis was also used to provide analysis and show the relationship between the independent and dependent variables. Correlation analysis was used to determine the amount of correlation that exist between the dependent variable and one of the independents at a time. This analysis established the significance or effect of the various factors under study on strategy implementation and answer the specific objectives of the study. Multiple regression analysis was used to test the relationships between the independent variables and the dependent variable. This solidifies the analysis done using correlation. The regression model used is shown below.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \]

Where;

\( Y \) is the dependent variable (Strategy Implementation).
\( X_1 \) – Organizational Culture.
\( X_2 \) – Organizational Structure.
\( X_3 \) – Corporate Leadership.

\( \beta_0 \) is a constant while \( \beta_1, \beta_2 \) & \( \beta_3 \) are the coefficients of determination. This aided in formulation of conclusions and recommendations. The data was presented in frequency distribution tables, charts and figures.

### 3.7 Chapter Summary

This chapter described how the study was conducted. The chapter discussed the research methodology and design used in this study including the population, sampling design and size, data collection and analysis methods. In the data analysis and presentation, both quantitative and qualitative methods of analysis were used. The population consisted
owners of SME’s that operate in Nairobi Central Business District. The data was collected using a structured questionnaire. The next chapter (chapter four) analyses, presents and interprets the findings of the study in a systematic way as guided by the research questions. The chapter utilizes only data collected in the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the data findings and analysis based on the research objectives and questionnaires in relation to the factors that affect implementation of strategy in small and medium enterprises in Nairobi. Tools such as descriptive statistics and inferential statistics which include correlation and regression analysis are presented.

4.2 Demographics

From the sample size of 100 respondents only 89 responded resulting into an 89% response rate. As indicated in table 4.1

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Variable</th>
<th>Distribution</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td>Response</td>
<td>89</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>No Response</td>
<td>11</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

This section also presents findings on the demography based on gender, age, position/level in the organization, how long the respondent has been in the position and highest level of education as illustrated in the section that follows.

4.2.1 Gender of the Respondents

The study established that majority of the workers in SMEs were male. They formed 62.9% of the total respondents while the female respondents were 37.1%. This depicts that majority of SMEs in Nairobi have more male workers as compared to female.
4.2.2 Age of Respondents

The study sought to establish that the age of the respondents involved. The findings in figure 4.2 showed that most respondents were aged between 30 and 39 years who accounted for 30.3%. 28.1% of them were between 40 and 49 while 19.1% fell in the range of 20 to 29 years. The least concentration were those aged between 50-59 years and those above 60 years whose percentages were 18 and 4.5 respectively.

Figure 4.2: Distribution of the Age of the respondents.
4.2.3 Level of Education

The study established that majority of the respondents were bachelor degree holders who represented 52.8% of the total which is over half of the respondents interviewed. Diploma holders contributed 27% of the respondents. Others included certificate holders, Master’s Degree and Ph.D. holders who represented 9%, 2.2% and 9% respectively. This shows that SMEs seek to recruit the best and knowledgeable people as their workforce.

![Frequency and Percent of Level of Education](image)

**Figure 4.3: Level in the organization**

4.2.4 Duration in the Organisation

The study established that majority of the respondents worked in their respective SMEs for the periods ranging 1-3 years and 4-6 years which those two representing 44.9% and 31.5 % respectively of the total respondents. Those who worked less than a year and over 15 years represented 6.7% each while 10.1 % had worked for a period ranging 7-10 years.
4.2.5 Number of Employees

When analyzing number of employees, Companies that had between 51-75 employees were 36%, 76-100 employees contributed 29.2% which were the highest two. Companies with 26-50 employees were 16.9% while those with above 100 employees were 10.1%. Only 7.9% of the companies had between 1-25 employees.

Figure 4.4: Duration in the Organisation
4.2.6 Industry

The study set out to find out the various industries which the organisations operated in. Distribution and healthcare industries contributed the largest percentage of the respondents at 34.8% and 22.5% respectively. Construction, manufacturing and transportation followed with 20.2%, 12.4% and 4.5% respectively. Other industries for the respondents that included, Publishing and web design studios contributed 5.6% of the total respondents.
4.3 Strategy Implementation.

The research aimed to determine whether the respondents implemented strategy in their various SMEs. The findings reveal that 78.7\% of the total respondents had implemented strategy before while 21.3\% had not done so before.

The study sought to find out, the period in which the SMEs carry out their strategic plans. Of the 72 respondents who participated in strategy implementation before, majority (58.4\%) had their strategic plans range between 4-6 years. 15.7\% of the respondents did their strategy between 1-3 years. Those who did less than a year and between 7-10 years accounted for 5.6\% and 1.1\% respectively.
4.4 Effect of Organisational Culture on Strategy Implementation

The first objective of the research study was to establish the extent to which organizational culture influence implementation of strategic plans in SME’s in Nairobi Central Business District. In this section, this objective was achieved using descriptive statistics based on the responses received. This was achieved using a 5-point Likert scale which asked respondents to give a response of either Strongly Agree, Agree, Neutral, Disagree or strongly disagree. Table 4.2 below illustrates the overall effect of Organisational Culture on the implementation of strategy. From the findings, the individual and organizational performance to some extent was influenced by culture. 43.1% of the respondents agree culture has a key role to play while 56.9% were neutral of the influence of culture. On the other hand majority of the respondents (91.6%) agree that organizational culture allows implementation of strategic plans to be successful. Likewise, for the implementation to be successful, there must be a link between the organizations culture and strategy fit. In terms of the strategy implementation teams and their cultural values, 54.2% of the respondents agreed that the teams tasked with the strategy implementation have strong cultural values that help meet the organization’s needs. 50% of the respondents, strongly agree that their organizations embrace the changing business environments as necessary to positively affect the strategy implementation process.
Table 4.1: Effect of Organisational Culture on Strategy Implementation

<table>
<thead>
<tr>
<th>Variable</th>
<th>SA</th>
<th></th>
<th>A</th>
<th></th>
<th>N</th>
<th></th>
<th>D</th>
<th></th>
<th>SD</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>The culture at your organization is one that emphasizes on individual</td>
<td>14</td>
<td>19.4</td>
<td>17</td>
<td>23.6</td>
<td>41</td>
<td>56.9</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>and organizational performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The culture at your organization allows for the implementation of the</td>
<td>32</td>
<td>44.4</td>
<td>34</td>
<td>47.2</td>
<td>6</td>
<td>8.3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>strategic plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organizations culture and Strategy fit links towards the implementation process</td>
<td>41</td>
<td>56.9</td>
<td>31</td>
<td>43.1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>The strategy implementation team represents strong cultural values that</td>
<td>8</td>
<td>11.1</td>
<td>39</td>
<td>54.2</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>meet the changing organizational needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization embraces changing business environment needs that</td>
<td>36</td>
<td>50.0</td>
<td>21</td>
<td>29.2</td>
<td>3</td>
<td>4.2</td>
<td>12</td>
<td>16.7</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>promote the strategy implementation process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.3 below illustrates the extent to which aspects of culture influence the successful implementation of strategy in SMEs. From the findings, traditions as an aspect of culture has a neutral effect on strategy implementation since 59.7% of the respondents felt it had a moderate to neutral role while 40.3% believe that it has a minor role to play in strategy implementation. In terms of values, majority of the respondents (87.5%) agreed that it has a major and moderate effect in strategy implementation.
Table 4.3: Effect of aspects of Culture on Strategy Implementation

<table>
<thead>
<tr>
<th>Variable (Effect)</th>
<th>Major</th>
<th>Moderate</th>
<th>Neutral</th>
<th>Minor</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
</tr>
<tr>
<td>Traditions</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>12.5</td>
<td>34</td>
</tr>
<tr>
<td></td>
<td>29</td>
<td>40.3</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Values</td>
<td>23</td>
<td>31.9</td>
<td>40</td>
<td>55.6</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Beliefs</td>
<td>14</td>
<td>19.4</td>
<td>16</td>
<td>22.2</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>33.3</td>
<td>2</td>
<td>2.8</td>
<td>0</td>
</tr>
<tr>
<td>Ethics</td>
<td>27</td>
<td>37.5</td>
<td>24</td>
<td>33.3</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2.8</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Customs</td>
<td>1</td>
<td>1.4</td>
<td>19</td>
<td>16.4</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>38</td>
<td>52.8</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

4.5 Effects of Organizational Structure on Strategy Implementation.

The second objective of the research study was to examine how organizational structure of SME’s influences implementation of strategic plans. In this section, this objective was achieved using descriptive statistics based on the responses received. This was achieved using a 5-point Likert scale which asked respondents to give a response of either Strongly Agree, Agree, Neutral, Disagree or strongly disagree. The second part sort to find out the importance of various elements of the structure in strategy implementation. This were ranked from Very important to not important.

Table 4.4 below shows respondents opinions on the issues presented in relation to Structure and Strategy Implementation. 69.4% of the respondents agreed that employees’ skills are matched to their appropriate tasks which in turn meet the organisations goals and objectives. 72.3% of the respondents agreed that the organization facilitates flow of resources to accomplish the goals and objectives. On the other hand, 66.7% of the respondents were neutral on the organizations’ role in setting out specific structures for implementing strategy. Slightly less than half (45.8%) of the respondents agreed that their current organizational structures affected the effectiveness of Strategy implementation. 68% of the respondent agreed that members of staff understood their role in strategy implementation.
Table 4.4: Effect of aspects of Organizational Structure on Strategy Implementation.

<table>
<thead>
<tr>
<th>Variable</th>
<th>SA</th>
<th></th>
<th>A</th>
<th></th>
<th>N</th>
<th></th>
<th>D</th>
<th></th>
<th>SD</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>The employee’s skills are matched to their appropriate jobs so as to meet the organization goals and objectives</td>
<td>14</td>
<td>19.4</td>
<td>36</td>
<td>50.0</td>
<td>22</td>
<td>30.6</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>The organization facilitates the flow of resources to accomplish the organizations goals.</td>
<td>30</td>
<td>41.7</td>
<td>22</td>
<td>30.6</td>
<td>20</td>
<td>27.8</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>The organization has set out specific structures for the implementation of strategic plan</td>
<td>8</td>
<td>11.1</td>
<td>13</td>
<td>18.1</td>
<td>48</td>
<td>66.7</td>
<td>3</td>
<td>4.2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>The current organization structure affects the effectiveness of implementing the strategic plan</td>
<td>9</td>
<td>12.5</td>
<td>24</td>
<td>33.3</td>
<td>35</td>
<td>48.6</td>
<td>4</td>
<td>5.6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>The staff members clearly understand their required role in the strategic plan implementation</td>
<td>15</td>
<td>20.8</td>
<td>34</td>
<td>47.2</td>
<td>23</td>
<td>31.9</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 4.5 below establishes a relationship between various aspects of structure and the various roles they play in the steps towards strategy implementation. 73.6% of the respondents agreed that structure plays a key role in decision making and consensus building during the strategy implementation process. Furthermore, another 72.2% considered structure an important factor during implementation of strategy as it facilitates flow of information and communication. All the respondents confirmed that structure is important in evaluating performance, effectiveness and efficiency of a strategy. In addition to that, 84.7% of the respondents believed that motivation and morale is linked to structure of the organization while 100% of the respondents structure in important in the process of setting goals and play a major role during the process of achieving those goals and objectives.
Table 4.5: Importance of the elements of structure on strategy implementation.

<table>
<thead>
<tr>
<th>Variable</th>
<th>VI F</th>
<th>VI %</th>
<th>I F</th>
<th>I %</th>
<th>M F</th>
<th>M %</th>
<th>LI F</th>
<th>LI %</th>
<th>NI F</th>
<th>NI %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision Making &amp; Consensus building</td>
<td>17</td>
<td>23.6</td>
<td>36</td>
<td>50.0</td>
<td>19</td>
<td>26.4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Flow of Information &amp; Communication</td>
<td>16</td>
<td>22.2</td>
<td>36</td>
<td>50.0</td>
<td>20</td>
<td>27.8</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Reporting Structure &amp; Chain of command</td>
<td>26</td>
<td>36.1</td>
<td>20</td>
<td>27.8</td>
<td>26</td>
<td>36.1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Evaluating Performance, Efficiency &amp; Effectiveness</td>
<td>24</td>
<td>33.3</td>
<td>48</td>
<td>66.7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Motivation &amp; Morale of personnel</td>
<td>32</td>
<td>44.4</td>
<td>29</td>
<td>40.3</td>
<td>11</td>
<td>15.3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Setting &amp; Achieving Goals or Objectives</td>
<td>40</td>
<td>55.6</td>
<td>32</td>
<td>44.4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

4.6 Effects of Corporate Leadership on Strategy Implementation.

The third objective of the research study was to establish the role corporate leadership of SME’s plays in the implementation of strategic plans. In this section, this objective was achieved using descriptive statistics based on the responses received. This was achieved using a 5-point Likert scale which asked respondents to give a response of either Strongly Agree to Disagree or strongly disagree. The second part sort to find out the importance of various elements of the structure in strategy implementation. This were ranked from Very Large extent to No extent.

Table 4.6 below shows respondents views on the issues presented in relation to corporate leadership and Strategy Implementation in their respective SMEs. More than half of the respondents (57%) agreed that there the leadership of their organizations communicate clearly in regards to strategy implementation. In addition, 95.8% on the respondents agreed that the leadership is actively involved in the process of strategy implementation. However,
62.5% of the respondents were unsure of the role played by the leadership in providing the effective communication channels to promote strategy implementation process. Furthermore, slightly more than half (51.4%) were unsure of the leadership involvement in the areas of inspiring and motivating employees to gather support for the implementation process. 56.9% of the respondents neither agreed nor disagreed with the leaderships’ readiness and adaptability to unexpected circumstances during the period of implementation process.

Table 4.6: Effects of Corporate Leadership on Strategy Implementation

<table>
<thead>
<tr>
<th>Variable</th>
<th>SA F</th>
<th>SA %</th>
<th>A F</th>
<th>A %</th>
<th>N F</th>
<th>N %</th>
<th>D F</th>
<th>D %</th>
<th>SD F</th>
<th>SD %</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is clear communication from leadership in regards to strategy</td>
<td>10</td>
<td>13.9</td>
<td>31</td>
<td>43.1</td>
<td>26</td>
<td>36.1</td>
<td>5</td>
<td>6.9</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>implementation process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Organizations leadership is involved in strategy implementation</td>
<td>18</td>
<td>25.0</td>
<td>51</td>
<td>70.8</td>
<td>3</td>
<td>4.2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>The communication channels used are suitable in promoting the strategy</td>
<td>0</td>
<td>0</td>
<td>27</td>
<td>37.5</td>
<td>45</td>
<td>62.5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>implementation process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership involvement inspires and motivates employees to support the</td>
<td>12</td>
<td>16.7</td>
<td>19</td>
<td>26.4</td>
<td>37</td>
<td>51.4</td>
<td>4</td>
<td>5.6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>implementation process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organisations leadership has demonstrated readiness and adaptability</td>
<td>0</td>
<td>0</td>
<td>18</td>
<td>25.0</td>
<td>41</td>
<td>56.9</td>
<td>8</td>
<td>11.1</td>
<td>5</td>
<td>6.9</td>
</tr>
<tr>
<td>to unexpected circumstances during the implementation process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Table 4.7 below establishes the extent leadership of a SMEs in strategy implementation. 48.7% of the respondents agree that the strategy of the organisation is determined by leadership while 30.6% of the respondents neither agree nor disagree. Majority (55.6%) of
the respondents agreed that the leadership was responsible for allocating resources necessary for strategy implementation within their organizations. 40.3% of the respondents disagreed that the leadership assigned roles and duties to the subordinates while 59.7% were neutral on the issue. 43% of the respondents agreed that leadership of the organization were critical in providing a coordinated system for integrating activities between individuals and departments while 47.2% believe that leadership played a very small role in the same. Finally 88.8% of the respondents agreed that leadership of the organization plays a role in the identification of activities required to achieve the organizations objectives and goals.

**Table 4.7: Extent Role of leadership in Strategic Implementation**

<table>
<thead>
<tr>
<th>Variable</th>
<th>NE</th>
<th>SE</th>
<th>M</th>
<th>LE</th>
<th>VLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determining the Strategy of the organisation</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Allocation of resources for Strategy Implementation in the organisation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>32</td>
<td>40</td>
</tr>
<tr>
<td>Assigning duties and responsibilities to subordinates in order to achieve the tasks assigned.</td>
<td>2</td>
<td>2.8</td>
<td>27</td>
<td>43</td>
<td>0</td>
</tr>
<tr>
<td>Providing a system of coordination for integrating the activities of individuals and departments.</td>
<td>0</td>
<td>0</td>
<td>34</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Identifying the activities required to achieve organizational objectives</td>
<td>8</td>
<td>11.1</td>
<td>24</td>
<td>32</td>
<td>8</td>
</tr>
</tbody>
</table>
4.7 Inferential Statistics
The research sort to find out the relationship that existed between the independent and dependent variables. For this study, Pearson’s product moment correlation was used to determine the relationship between the independent variables and the dependent variable. Multiple regression was also used to analyze the relationship between variables. This was done by use of inferential statistics through correlation and regression analysis.

4.7.1 Pearson’s Correlation
The data collected on the three organizational factors that affect strategy implementation in SMEs were calculated and organized into simple variables per factor using their respective averages. Pearson’s correlations was carried out at a confidence interval of 95% and 5% confidence level 2-tailed.

The table 4.8 below shows a positive correlation between strategy implementation and the organizational factors- Culture, Structure and corporate leadership. The R values for each were 0.706, 0.892 and 0.751 respectively. A positive R value indicates that there is a relationship between the Organizational factors and strategy implementation in SMEs. Organizational Structure in SMEs had the highest correlation value while Organizational culture had the lowest correlation.

All the factors had a significant p-value (p<0.05) at 95% confidence level, 0.041, 0.011 and 0.028 for culture, structure and leadership respectively. This indicated that all factors considered were significant with organizational structure being the most significant while organizational culture was the least significant.
Table 4.8: Pearson’s Correlation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Strategy Implementation</th>
<th>Organizational Culture</th>
<th>Organizational Structure</th>
<th>Corporate Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy Implementation</td>
<td>1</td>
<td>.706**</td>
<td>.892**</td>
<td>.751**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>041</td>
<td>.011</td>
<td>.028</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>.706**</td>
<td>1</td>
<td>.216**</td>
<td>.612**</td>
</tr>
<tr>
<td></td>
<td>041</td>
<td></td>
<td>.047</td>
<td>.048</td>
</tr>
<tr>
<td>Organizational Structure</td>
<td>.892**</td>
<td>.216**</td>
<td>1</td>
<td>.795**</td>
</tr>
<tr>
<td></td>
<td>.011</td>
<td>047</td>
<td>.024</td>
<td></td>
</tr>
<tr>
<td>Corporate Leadership</td>
<td>.751**</td>
<td>.612**</td>
<td>.795*</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>.028</td>
<td>.048</td>
<td>.024</td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

4.7.2 Multiple Regression Analysis

Multiple regression analysis was carried out to test the relationship between the independent variables and Strategy implementation in SMEs. From the table 4.9 below, the results showed the value of R squared was 0.823. This explained 82.3% of the factors that implementation of strategy in SMEs. This also shows that a further 17.7% remains to be conclusively elaborated in the area of organizational factors that affect strategy implementation.

Table 4.9: Model Summary of Regression Analysis of Variables

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R Square</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.907a</td>
<td>.823</td>
<td>.758</td>
<td>.46513</td>
<td>.823</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.631</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>101</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.0316</td>
</tr>
</tbody>
</table>

4.7.3 ANOVA Analysis.

The significant value was 0.0316 which was less than 0.05 while the F critical was 7.631 as depicted in table 4.10 below. This shows that this model is statistically significant in establishing the effect organizational culture, structure and corporate leadership have on the implementation of strategy in SMEs.
Table 4.10: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.625</td>
<td>3</td>
<td>1.360</td>
<td>7.631</td>
<td>.0316b</td>
</tr>
<tr>
<td>Residual</td>
<td>9.319</td>
<td>101</td>
<td>2.248</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>11.944</td>
<td>104</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Strategy Implementation
b. Predictors: (Constant), organizational culture, organizational structure, corporate leadership

4.7.4 Coefficient of Determination.

Multiple regression analysis was conducted as to determine the relationship between strategy implementation and the organizational factors studied in this research. The following equation was generated from the table 4.11 below;

Table 4.11: Coefficient of Determination

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>.798</td>
<td>.282</td>
<td>.146</td>
</tr>
<tr>
<td>Organizational Structure</td>
<td>.899</td>
<td>.248</td>
<td>.081</td>
</tr>
<tr>
<td>Corporate Leadership</td>
<td>.845</td>
<td>.204</td>
<td>.174</td>
</tr>
</tbody>
</table>

Thus the equation \( Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \) becomes:

\[ Y = 1.156 + 0.798X_1 + 0.899X_2 + 0.845X_3 \]

Where:

Y is the dependent variable Strategy Implementation
X₁ – Organizational Culture
X₂ – Organizational Structure
X₃ – Corporate Leadership

With all organizational factors in this study (culture, structure and corporate leadership) taken into consideration while all other factors held constant Strategic Implementation was 1.156. This findings also show that when all other independent variable are kept at zero, an increase by one unit of organizational culture, will lead to 0.789 increase in strategy implementation in SMEs. The same goes for organizational structure and corporate leadership with an increase in strategy implementation by 0.899 and 0.845 respectively. This further implies that organizational structure will contribute the most to strategy implementation as compared to other factors under study.

4.8 Chapter Summary.

This chapter presented the findings and analysis of factors affecting strategy implementation in Small and Medium Enterprises (SMEs). The chapter established the effect of organizational culture, organizational structure and corporate leadership on strategy implementation from the data collected from the various respondents in relation to the three specific objectives of the study. The next chapter focuses on the discussions in comparison to previous studies, conclusions and key recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter consists provides a summary of the entire research study, discussion and conclusions based on the finding and finally the recommendations. The summary will include the objectives of the study, both general and specific, methodology used and results of the study. It also discusses the major findings of the study in regards to the specific objectives followed by a conclusion. The final section consists of recommendations for improvement on the specific objectives and for further studies.

5.2 Summary of Findings
The general objective of this study was to analyse the effect of organizational factors on the implementation of strategic plans in SME’s in Nairobi Central Business District. Specifically the study sort out to establish the extent to which organizational culture influence implementation of strategic plans, how organizational structure of the SME’s influences implementing of strategic plans and the influence of corporate leadership on strategic plan implementation in SME’s in Nairobi Central Business District.

The research design employed for this study was descriptive targeting employees in SMEs within CBD and a sample of 100 respondents was used. The study utilized primary data that was collected from the respondents using questionnaires. Quantitative data was analysed using SPSS (version 23) as the tool and descriptive statistics such as percentages, means, frequency distributions and standard deviations used to present the data with aid of graphs and pie charts. Further analysis was done using Pearson’s correlation and multiple regression to establish the relationship between the dependent and independent variables. The study concluded that all the organizational factors studied influence strategy implementation to a significant level in SMEs. The findings linked the organizational factors to strategy implementation either positively or negatively.

Based on the study, the researcher deduced from the respondents that culture plays a major role in successful implementation and hence creates a link between the strategic fit of the organization and the culture. It was also noted that majority of the elements of culture played a key role in embracing changing business environment which is a catalyst for the need to implement strategy for the organization to remain relevant in the industries in which
they operate. Furthermore, data analysis through correlation confirmed that there is a strong positive correlation between an organization's culture and strategy implementation.

Analysis of the second objective that related organizational structure and strategy implementation revealed that when a structure is in place, it encourages employee participation within the process and thereby making implementation relatively smooth. It was seen that majority of the organizations that implemented strategy, had clearly defined structures and it enhanced flexibility and adaptation during the process of implementing strategy. A clear structure was also seen to enhance responsibility and roles distribution effectively during strategy implementation by virtue of all employees knowing exactly what responsibility lies of their shoulders. A clear line of communication is also established to facilitate effectiveness and efficiency throughout the whole process by ensuring decisions are made and a consensus is established to that effect as well. Majority of the respondents also attributed structure to play a driving role in evaluating the performance, effectiveness and efficiency of a strategy. Among all the factors under scrutiny in this study, the correlation between strategy implementation and organizational structure had the highest relationship.

The third objective related corporate leadership to strategy implementation. From the responds received, it was clear that an organization's leadership is the key pillar when it comes to matters strategy. The leadership is involved with deciding the strategy that should be implemented and communicating it throughout the organization to ensure everyone’s tasks are aligned to the vision and mission of the organization. Corporate leadership was seen to be tasked with motivating and inspiring employees to rally behind a strategy for its successful implementation. However, corporate leadership was found to be rigid when it came to reacting to unexpected circumstances that may occur to deter the organization from the intended direction. All this withstanding, corporate leadership in an organization has an active role towards guiding it to desired paths and implementing the strategy that fits it. There was a strong positive correlation between strategy implementation and corporate leadership.
5.3 Discussion

5.3.1 Effect of Organizational Culture on Strategy Implementation.

This study established that an organization’s culture affects strategy implementation to a large extent in Small and Medium Enterprises. It also shows that various organizations operate in different cultures and mind-sets that strongly influence employees’ interactions in the work environment and their attitude towards the strategic objectives and goals. It also gives a broad view of the various aspects of culture and how they evoke diverse opinions, which comes in handy during strategy implementation. It also enables them understand their individual roles and the collective roles that are interdependent to attain organizational goals. This findings are a reflection of the collaborative model that allows inclusivity and diversifies the power of decision-making (Kotter & Heskett, 1992).

It also notes organizational culture in SMEs emphasises individual and organisational performance. This concurs with Michlitsch (2000), who suggested that by creating an environment that shows how organisations operate, employees adapt to these norms and work towards achievement of the goals and objectives. An overwhelming number of respondents agreed that there is a strong alignment between strategy implementation and culture. The respondents viewed culture as being a high influencer during strategy implementation. It established that it was very important to be aware of the organisation’s culture due to the fact that most organizations have different cultures. Culture defines the values and ethics and therefore is critical in promoting the implementation of culture. According to Charan (2006), it shows employees would lack strategic coherence and direction that would lead to an implementation gap between management and employees in the event that culture is not clearly defined or deemed to be weak.

According to McAllister (2009), for successful strategy implementation of strategy in SMEs, the team tasked with implementation should represent strong cultural values of the organization that will meet the changing needs and embrace the ever changing SMEs business environment which in turn promotes the success of the strategy. The 79.2% of the respondents agreed with McAllister’s sentiments. This study also establishes that attitudes and behaviour of the employees aid in transition during the changing business environment needs.

The study determined that organizational culture plays a key role in influencing strategy implementation to a very large extent across the various sectors of the economy presented.
in this study. It provided a linked between culture and how an organization operates in terms of its performance, strategic direction, motivation and morale to meet objectives and goals set out in the ever changing business environment.

The result established a strong positive correlation between strategy implementation and organizational culture ($R=0.706, P<0.05$). The findings presented also showed that with all other variables held at zero, a unit change in organizational culture would lead to a 0.798 increase in the strategy implementation process. An organization with a weak culture has an impact on how effective the strategy implementation in the organization will pan out. It shows that employees would lack strategic coherence and direction which would lead to there being an implementation gap between management and the employees (Mullins, 2010). It is therefore critical for SMEs to incorporate a strong willed culture to their organization for strategy implementation to be successful more often.

5.3.2 Effect of Organizational Structure on Strategy Implementation.

This study established that the organizational structure influences strategy implementation to a great extent in SMEs across the various industries. Existing literature in this area of study, considered structure as a fundamental part in the description of the organizations shape and depth as well as its efficiency (Colombo & Delmastro, 2002). According to Wang (2011), the choice of structure is largely dependent on the organization size. Large organizations naturally should have different structures from smaller organizations. The nature of the size is determined by either the number of employees or in terms of revenue. This study on SMEs established that the organizational structure enables employees to be matched in terms of skills towards achieving the goals of the institution. Out of the respondents agreed that having a structure goes hand in hand with helping employees use their skills to contribute to the organisations overall goals. Furthermore, this ensures that parties involved in strategy implementation are well versed with their obligations in the process thereby affecting the success of the strategy.

Organisational structure has been perceived as the bridge between the goals and the effectiveness of an organization (Johns & Saks, 2004). To achieve the complete synergy, there must be a structured system with permeable boundaries that establish the link between people, their roles and success of the organization (Daft, 2015). This study sort to link the structure and flow of information to facilitate the effective implementation of strategy. From the study, it was clear that having a structure in place made it easier for facilitation
of resources to be channeled towards strategy implementation. This confirms John & Saks (2004) conclusion that division of labour across the organization, promotes coordination and effectiveness across tasks to achieve the overall desired end result. The study established that across SMEs, do not have clearly defined structures for implementation of strategy. It was also clear that there were no specific structures set aside and tasked with implementing the strategy. It was agreed that their organizations current structure affects the implementation of the strategy. This is in line with Fincham (2005), who suggested that the structure of an organization should be a function of the chosen strategy. He went ahead to imply that a failure in this would undermine the actionability of the chosen or desired strategy. For SMEs, this was seen to be true as most organizations stuck to their existing structure even though the strategic direction of the company changed. Fincham tasks the senior management involved in strategy implementation to question the structure and its appropriateness with respect to the major activities of the strategy and the available resources to come up with effect means of implementing the strategy.

The main role of structure is to facilitate communication of the strategy through coordination and complete management of systems from the primary activities of the organization to the secondary ones to achieve the intended end result. This study sort to establish the relationship between various elements of structure and their implication on strategy implementation. This was done in an attempt to verify Chandlers (2013) remarks that structure follows strategy. The study looked into six key elements that are directly linked to both structure and strategy. The elements were:

i. Decision making & consensus building
ii. Flow of information & communication
iii. Reporting structure & Chain of command
iv. Evaluating performance, efficiency & effectiveness
v. Motivation & Morale of personnel
vi. Setting & Achieving Objectives

The study found that elements four and six were seen as most critical in SMEs, as 100% of the respondents considered them important in the journey of implementing strategy. This goes hand in hand with Mullins (2010) findings that structure should be designed to encourage employees to enhance their performance by having clearly defined relationships and thereby enhancing the overall effectiveness of the organisation. Mullins finding on
motivation were also verified by the 84.7% of the respondents who considered it important. Elements one and two had an importance rating of 73.6% and 72.2% respectively. This highlights the importance of decisions, consensus and flow of information in the strategy implementation process.

The result established a strong positive correlation between strategy implementation and organizational culture (R=0.892, P<0.05). The findings presented also showed that with all other variables held at zero, a unit change in organizational structure would lead to a 0.899 increase in the strategy implementation process. This enables the activities related to strategy to be carried out smoothly and effectively. Further analysis of this elements reveal that the relationship between strategy and structure is very critical in any organization and this study finds that the sentiments of Chandler (2013) are true in that structure follows strategy (Chandler, 2013).

5.3.3 Effect of Corporate leadership on Strategy Implementation.

This study sort out to establish the influence the corporate leadership exacts on strategy implementation. We sort to look at leadership in terms of communication, involvement in the process, leadership role in motivation and readiness to adapt to unforeseen challenges. Root (2014), argued that implementation of strategy is a team process and that it is critical for organizations to have responsibilities laid out for effective and smooth operation. This commitment starts from the business owners to those tasked with fulfilling the plans laid out.

On communication, 57% agreed that it is the responsibility of the leadership of the organization to communicate clearly the strategy. This brings about a clear sign of commitment on their part to the success of the strategy. This is in line with Becker (2004), who said that a lack of commitment from the leadership has a trickle-down effect in the entire organization and a the ripple effect will be a lack of enthusiasm and performance will deep in all areas related to the strategy. 62.5% of the respondents, seemed unsure of the leadership’s role in organising the suitable communication channels in which to disburse the information regarding strategy implementation in SMEs. Leadership is essential and in that it forms a relationship through which one person influences the actions of others within the organizations. This implies that for a strategy to be successful the leadership must take
into account the appropriate actions if it wishes for major changes (Mullins, 2010). 95.8% of the respondents agreed that the leadership is involved in strategy implementation process. The role of leadership is crucial in strategy implementation. This is attribute to their main role especially in SMEs of guiding, controlling, initiating and employing their experience and sound judgement to situations to enable the strategy move forward (Allio, 2005).

According Pareek (2006), leading a change in an organization requires a leader who is excellent at convincing the followers that change is good and beneficial to the organization. The leader should also be able to adapt effectively to unprecedented circumstance that tend to occur in the business environment. 18% of the respondents were of the view that the leadership in their organisations was not ready to adapt to changing situations. Majority (56.9%) were neutral on the issues of adaptability. This could be attributed to the view that they haven’t encountered a situation that tested the readiness and willingness to adapt to external business environments.

Pearce and Robinson (2014) outlined the key roles of an organizations leader as: Clarifying the Objectives and Goals (intent) and Growing and building the organization. To achieve this they must play leading roles in determining strategy, allocation of resources, assigning duties and responsibilities, provide a coordination systems and identifying organizational requirements to reach desired heights. This study set out to establish the extent of organizations leadership and those tasked with this roles are involved within SMEs. The study found that 79.1% of leadership in SMEs play a key role in the determining the strategy for the organisation while 55.6% established that the leadership played a defining role in how the organizations resources for strategy implementation was shared out. This emphasis the view of a leader as the advocate for strategy. The result established a strong positive correlation between strategy implementation and corporate leadership (R=0.751, P<0.05), The findings presented also showed that with all other variables held at zero, a unit change in organizational culture would lead to a 0.845 increase in the strategy implementation process. According to Root (2014) argues that implementing strategy requires a team effort headed by the organization's leadership. Everyone involved in strategy implementation should have their responsibilities laid out and it is critical that the whole organization to understands the importance of leadership in strategic implementation to make delegating responsibility more effective (Root, 2014). This furthermore vindicates
the importance of SMEs having a leader with commitment and vigour to lead the organization to achieve its strategy objectives.

5.4 Conclusion

5.4.1 Effect of Organizational Culture on Strategy Implementation

This study conclusively found that organizational culture affects strategy implementation. It found that there is a link between culture and strategic fit of an organization. It also concludes that there is a strong alignment between aspects of culture such as values, traditions and ethics, with changing organization needs that in turn provide direction and promote strategy implementation. The study concludes that various SMEs respect the different individual cultures which was clearly seen by the diverse range of opinions and ideas.

5.4.2 Effect of Organizational Structure on Strategy Implementation

This study concludes that organizational structure has a major effect on strategy implementation in SMEs. The study found that SMEs that had clearly defined structures implemented strategy more effectively as compared to others without. This was attributed to clearly defined tasks, functions and responsibilities. It also concludes that a flexible structure enhances strategy implementation. It concludes that strategy follows structure.

5.4.3 Effect of Corporate Leadership on Strategy Implementation

This study concludes that corporate leadership has a major role to play in strategy implementation in SMEs. It is a requirement of the leadership to be consistent and active throughout the strategy implementation process from the inception till the conclusion and realization of the strategy. There needs to be more involvement for there to be successful match between the organizations capability and strategy coupled with the right spirit and vision to inspire the followers and enhance effectiveness.
5.5 Recommendations

5.5.1 Recommendations for improvement

5.5.1.1 Effect of Organizational Culture on Strategy Implementation

From the results and findings, this study recommends that SMEs instil the organizations’ culture among its’ employees and encourage diverse opinions as a pillar for successful strategy implementation.

5.5.1.2 Effect of Organizational Structure on Strategy Implementation

From the findings, this study recommends that SMEs organizational structure should be clearly defined and roles well allocated to foster successful strategy implementation.

5.5.1.3 Effect of Corporate Leadership on Strategy Implementation

From the findings, this study recommends that SMEs leadership should take the lead role in giving direction and facilitating flow of information while also evaluating performance during strategy implementation to enhance the chances of a successful outcome.

5.5.2 Recommendations for further studies

This study established that organizational factors have a significant effect on the implementation of strategy in SMEs. However, it does not cover entirely all the factors that affect SMEs. It therefore recommends other studies to be carried out to establish other key factors, whether organizational or external, which play critical roles in successful strategy implementation. This study provides a benchmark of benefits associated with strategy implementation not only for SMEs but also across other types of organizations.
REFERENCES


KNBS. (2014).


APPENDIX I: INTRODUCTION LETTER

The Chief Executive Officer,

Name of Small and Medium Enterprise,

P.O. Box xxxx – xxxx,a

Nairobi – Kenya,

Dear Sir/Madam,

RE: RESEARCH STUDY

I am a student at United States International University-Africa pursuing a Master’s degree in Business Administration (MBA) concentrating in Strategic Management. As partial fulfilment for my degree, I am conducting a study titled “The effect of organizational factors on the implementation of strategy in small and medium enterprises: a case study of SME’s in Nairobi central business district”.

I am therefore writing to request for research data from your organisation. Please note that any information you give will be treated with confidentiality and at no instance will it be used for any other purpose other than for this project. Your assistance will be highly appreciated. I look forward to your prompt response.

Yours faithfully,

Gitonga Edwin Muthomi
Email: gitongaedwin91@gmail.com
APPENDIX II: QUESTIONNAIRE

CHALLENGES FACING THE IMPLEMENTATION OF STRATEGY IN SMALL AND MEDIUM ENTERPRISES: A CASE STUDY OF SME’s IN NAIROBI CENTRAL BUSINESS DISTRICT.

This questionnaire seeks to investigate the organizational factors affecting the implementation of strategic plans in SME’s. This study is an academic study and the information obtained through this questionnaire will be treated confidentially and will not be used for any other purpose other than academic research.

Kindly fill all questions by ticking against one answer for each statement.

Section A: General Information

1. Position/Designation of respondent: _______________________________

2. Gender: (Tick one)  □ Female □ Male

3. What is your Age?

□ 20 – 29 years □ 30 - 39 years □ 41 – 49 years □ 50 -59 years □ 60 and above

4. What is your highest level of education?

□ Certificate □ Diploma □ Bachelor’s Degree □ Master’s Degree □ Doctoral (PhD)

5. How long have you worked for your organization?

□ Less than a year □ 1-3 years □ 4-6 years □ 7-10 years □ Over 15 years

6. What is the size of your organization in terms of number of employees

□ 1 – 25 □ 26 – 50 □ 51 – 75 □ 76 – 100 □ Above 100

Section B: Strategic Implementation

7. Which Industry does your organisation conduct its business

□ Manufacturing □ Construction □ Distribution □ Healthcare □ Transportation

□ Other, Specify __________________________

8. Has your organisation implemented strategy before? □ Yes □ No

9. What is the duration of the strategic Plan

□ Less than a year □ 1-3 years □ 4-6 years □ 7-10 years □ Over 10 Years

10. Does the implementation happen within the anticipated timeframe? □ Yes □ No
11. How often are this strategic Plans reviewed
☐ Less than a year  ☐ 1-3 years  ☐ 4-6 years  ☐ 7-10 years  ☐ Over 10 Years

**Section C: Effects of Organizational Culture on Strategic Implementation**

12. Please tick one that corresponds to your personal opinion for the statements below.

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The culture at your organization is one that emphasizes on individual and organizational performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The culture at your organization allows for the implementation of the strategic plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organizations culture and Strategy fit links towards the implementation process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The strategy implementation team represents strong cultural values that meet the changing organizational needs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization embraces changing business environment needs that promote the strategy implementation process</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

13. To what extent do the following aspects of culture influence the successful implementation of strategy in your Organization?

<table>
<thead>
<tr>
<th>Effect</th>
<th>Major Effect</th>
<th>Moderate Effect</th>
<th>Neutral Effect</th>
<th>Minor Effect</th>
<th>No Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Values</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Beliefs</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Ethics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section D: Effects of Organizational Structure on Strategy Implementation

14. Please tick one that corresponds to your personal opinion for the statements below.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employee’s skills are matched to their appropriate jobs so as to meet the organization goals and objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization facilitates the flow of resources to accomplish the organizations goals.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has set out specific structures for the implementation of strategic plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The current organization structure affects the effectiveness of implementing the strategic plan</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>The staff members clearly understand their required role in the strategic plan implementation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15. How would you rank the importance of the following elements of structure in your organization?

<table>
<thead>
<tr>
<th>Element</th>
<th>Very Important</th>
<th>Important</th>
<th>Moderately Important</th>
<th>Less Important</th>
<th>Not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision Making &amp; Consensus building</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flow of Information &amp; Communication</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reporting Structure &amp; Chain of command</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluating Performance, Efficiency &amp; Effectiveness</td>
<td></td>
<td></td>
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<tr>
<td>Motivation &amp; Morale of personnel</td>
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<tr>
<td>Setting &amp; Achieving Goals or Objectives</td>
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</table>
**Section E: Effect of Corporate Leadership on Strategic Implementation**

16. Please tick one that corresponds to your personal opinion for the statements below.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is clear communication from leadership in regards to strategy</td>
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<tr>
<td>implementation process</td>
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<tr>
<td>The Organizations leadership is involved in strategy implementation</td>
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<td>The communication channels used are suitable in promoting the strategy</td>
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<td>implementation process</td>
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<tr>
<td>Leadership involvement inspires and motivates employees to support the</td>
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<td>implementation process</td>
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<td>The organisations leadership has demonstrated readiness and adaptability</td>
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<td>to unexpected circumstances during the implementation process</td>
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</table>

17. To what extent do the roles of leadership below affect strategic implementation

<table>
<thead>
<tr>
<th>Role</th>
<th>No Extent</th>
<th>Small Extent</th>
<th>Moderate Extent</th>
<th>Large Extent</th>
<th>Very Large Extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determining the Strategy of the organisation</td>
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<td>Allocation of resources for Strategy Implementation in the organisation</td>
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<td>Assigning duties and responsibilities to subordinates in order to</td>
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<td>achieve the tasks assigned.</td>
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<td>Providing a system of coordination for integrating the activities of</td>
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<tr>
<td>individuals and departments.</td>
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<td>Identifying the activities required to achieve organizational</td>
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<td>objectives</td>
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</table>

Thank you for your time

You input is highly appreciated

END