EFFECT OF STRATEGIC MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE OF FOOD PROCESSING COMPANIES IN KENYA, A CASE OF DELMONTE KENYA LTD

BY

KENNEDY MUCHIRI

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

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KENNEDY MUCHIRI

A Research Project Report submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

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STUDENT’S DECLARATION

I do hereby, declare that this is an original creation of my work, stating that it has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ________________________ Date: ________________________

Kennedy Muchiri (ID 650001)

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

Signed: ________________________ Date: ________________________

Dr. Joyce Ndegwa

Signed: ________________________ Date: ________________________

Dean, Chandaria School of Business
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ABSTRACT

The study aimed at determining the role of goal setting, generic strategies, and strategic monitoring and evaluation on financial performance in food processing companies in Kenya with particular emphasis to Del Monte. A comprehensive literature review has been undertaken to understand various aspects of strategic management as reviewed by other authors and researchers. The chapter has addressed the effects of goal setting on financial performance; effects of Generic strategies implementation on financial performance and effects of strategy monitoring and evaluation on financial performance.

Descriptive design was employed in the study. The population under study was the two thousand and sixteen (2016) employees' working at Del Monte in both managerial and subordinates’ levels. Stratified random sampling was used select the respondents into the study. A sample size of 140 participants were targeted in the study. The collection of primary data was facilitated through the use of questionnaires. A pretest was conducted on 14 employees to establish the reliability and validity of this study’s instruments. The sample frame included the employees defined by their level of management. A multiple regression analysis was done, where also R-squared was determined.

The study found out that goal-setting was the least ranked strategic management practices adopted by Del Monte. The findings further indicated that there was a positive correlation between goal-setting and financial performance. Regression analysis showed that goal-setting had the least effect (15%) on financial performance in Del Monte. Generic strategies were the most rated among the strategic management practices implemented by Del Monte. Regression results also showed that generic strategies had the most significant influence (23%) on financial performance in Del Monte. Strategic monitoring and evaluation was the second highest rated among the strategic practices adopted by Del Monte.

The study further found a significant positive relationship between strategic monitoring and evaluation and financial performance. Regression results depict that strategic monitoring and evaluation second highest effect (16%) on financial performance in Del Monte. The study concluded that generic strategies had the greatest impact on financial performance in Del Monte followed by strategic monitoring and evaluation while goal-setting had the least impact on financial performance in Del Monte. The study therefore, recommends that Del Monte should endeavor to enhance its generic strategies through
adopting cost leadership, differentiating its products and focusing of specific market
niche(s) by uniquely packaging its products to attract more customers hence increasing
turnover.
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DEDICATION

I dedicate this project to my parents to whom I owe all.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

The competitive business environment has been forced organizations to engage in complex business decisions which require strategic management view (Muogbo, 2013). The management has been charged with the responsibility to design strategies that will enable optimal positioning of the organization in the competitive market. Organization profitability is dependent on the competitive strategies applied by an organization (Owolabi & Makinde 2012). The market competition is all about winning the customers by providing more value on the product or service on offer.

Strategic plan is a cross-functional activity which has been structured to provide organization overall direction on its performance (Brycesson & Slaughter 2011). The ultimate intention of strategic management practices is for the entire organization to collectively outline the organization vision and map out the mission that defines the organization illuminate’s direction. Strategic management is viewed as a collection of critical managerial actions and decisions that are designed to enhance the long term financial performance. The lack of a joint mission in an organization is the reason why organizations fail to achieve their organizational goals and objectives (Muogbo, 2013).

About 95% of Malaysian construction companies are implementing strategic management in their organizations (Abu, 2015). The research further shows that the strategic management practices adoption in corporations has helped those firms to improve on their bottom-line. A competitive advantage can be achieved through situational analysis tools together with strong mission statement facilitates which would play a critical role in enhancing the company growth and profitability (Ireland et al., 2013).

Organization performance is hinged on the value creation for its self in the form of profit and the customers regarding quality product (Chong, 2008). Both the non-financial and financial measures can be used by an organization to determine its performance. Financial measures of evaluating the success of a given strategy encompasses sales, return on investments, return on assets, and profits, while the non-financial measures entails customer’s satisfaction, waiting time, customer’s referral rates, employee turnover rate, and delivery time (Muogbo, 2013).
In Ghana, it was found that the role of strategic planning on organizational performance reviewed that leadership is the most critical component of strategic management (Poku, 2012). The research further revealed that the willingness of the top management to include the employees in strategy formulation is the first steps of making the organization improve its financial position. An organization can only achieve its financial targets by having a positive working relationship between the top management and the subordinates. The strategic management process must be well designed and thought out to ensure it achieves the ultimate financial targets and it contributes to higher satisfaction levels among all the stakeholders (Murimbika & Urban, 2013). Strategic management as a tool can be used to spur-up profitability of the firm; this comes through enhanced competition and operational performance. Firms need to prioritize strategic management process since it plays a critical role in the success of the firm (Monday et al., 2015).

Organizations are implementing systematic changes in the operations with the aim of enhancing their profitability (Waweru & Omwenga, 2015). It usually assists the organization to purposely and systematically mobilize and utilize the available organizational resources to achieve the desired future which is expressed in the form of organizational mission and vision. Strategic management is the only tool that can be used to differentiate organizations from each other primarily at this era of globalization, where market dynamics are changing so rapidly (Mutunga & Minja, 2014).

Different sectors have experienced redundancies, cost-cutting, closure of operations and challenges to the quality of their services (Muriithi, 2015). “Pay-for-performance models” has endeared many organizations thereby, causing them to have a complete shift from the guaranteed-job status. This is in line with the aim of increasing sale and reducing running costs. These issues have compelled many organizations to come up with and implement practical-goal-oriented business strategies which are vouched as enablers of organization growth as they help in streamlining of internal operations and at the same time stimulate access to business opportunities and markets. This would consequently boost business-related efficiencies as well as ensuring that productivity and profitability are realized in the business (Kihara, 2013).

Strategies are implemented to ensure efficient utilization of the organization resources which will eventually result in an increase in organizations profitability as well adding value to shareholders through the increased market value of shares and return on
investments (Mutemi, 2014). Indicate that the strategies are meant to help as a meaningful check against external influence and competitors by adequately managing and utilizing the superior organizational resources to fulfill customers’ and other stakeholders’ expectations (Olanipekun, 2015). A strategy is impactful on an organization’s vision (future scope of achievement) that would ensure that the organization reaps its fruits from the benefits both in operational efficiencies and financial targets (Pearce & Robinson, 2013). This eventually helps the organization to sustain its charted mission and vision within any challenging environment.

Strategic management allows for anticipation of environmental changes which would inform improvement in order to mitigate on unexpected internal and competitive demands (Mutemi, 2014). This would consequentially, contribute in boosting the organization financial performance. The strategic management process has four essential elements; environmental scanning, strategy evaluation, strategy formulation and strategy implementation (Gichunge, 2010). Mostly, the strategic management process entails a concerted effort of daily anticipation, recognition, evaluation, resolution, controlling, documentation, and constant learning from previous experiences with an aim of to sustaining the overall viability of the project or venture (Njanja, 2009).

The performance of 57% of the companies had drastically improved in a period of five years after they had formulated a strategic plan, implemented, evaluated and exercised control over their strategies (Maroa, 2014). The study further noted that the strategy formulation and implementation is not enough to change organization performance but close monitoring and regular evaluation of strategy is of great importance.

Financial performance is the extent to which objectives of the firm and in this case financial goals will be met or have been meeting (Yahaya & Lamidi, 2015). Kajirwa (2015) deduced that the company's financial performance subject to how effectively a firm uses its assets from its principal role of conducting business and its subsequent generation of revenues. Financial performance can also refer to the general well-being of a company as far as finance is concerned over a specified period. Financial performance can as well be used to gauge or measure firms from the same industry or across different industries for comparison purposes. Financial performance is, in summary, is a crucial objective that firms especially the profit-oriented firms desire or aim at to achieve (Yahaya & Lamidi, 2015). The financial performance focuses more items that affect the
financial statements or reports of a firm directly. The financial performance analysis can deal with items such as dividend growth, sales turnover, capital employed, asset base among others about the firm (Omondi & Muturi, 2013). The financial performance is a crucial indicator or measure of some economic units' success for example on the achievement of set goals and objectives (Xu & Wanrapee, 2014). Firms stakeholders are mostly interested in the firm's performance as far as finance is concerned (Nyamita, 2014) financial performance of a firm has several major characteristics that include reliability of present or future contractors, defined competitiveness, potentials of the business, and economic intents of the company's leadership (Dufera, 2010). The economic intent of company’s leadership being crucial as it defines the financial performance of the company. Financial performance is more often than not expressed with regards to increase in sales or price of stocks (Maghanga & Kalio, 2012).

Del Monte’s performance has been operating in a turbulent and hyper-competitive environment which has resulted in reduced performance and eventually affected even the employees' retention rate in the company (Makena, 2013). As a result, the company has been trying to design strategies such as differentiation, which was introduced to enable it to continue creating and developing superior value for customers and eventually transform the financial performance. Stiff competition in the food industry has been one of the issues that Delmonte Food Company has been grappling with (Mangusho, 2015). This has seen financial performance of the company to be on down-ward trend. This can be manifested in the annual financial statements of the company. It annual financial statements show that its profits in a period between 2007 and 2010 declined from Shs.179, 800,000 to Shs.62, 300,000. It has been suggested that a raft of measures to be put in place to enhance the competitiveness so as to gain advantage over other organizations in the industry (Mangusho, 2015).

Del Monte has acquired wide network in various economic sectors. Big consignments for Cans, for example, are obtained from CMB Packaging (adjacent firm) though partly produced internally. It has also partnered with other domestic manufactures to source some of the important products, especially for packaging, such as spare parts, labels, and cartons. The cannery, and plantations are also attained through such partnerships that are locally arranged in order to help in diverse industrial growth. Del Monte is perceived as a major economic force in Thika town as well as Kenya at large. The company employs over 5000 people. The support supports a significant portion of the economy of Thika
town. It possesses unique machines in the fabrication workshop. It is this innovative workshop that has contributed to real-time manufacturing of its most valuable products. Del Monte has also tailored its manufacturing to the local conditions, the innovative workshop has embarked on a massive production of 120-feet-span boom harvesters that has helped in improving the company’s financial performance in terms of facilitating real-time production. Apart from that, mechanical slicers have also been modified by on the needs of the firm, sterilizers/coolers and crushers in line with improving productivity and in turn spur up financial performance. Even though its in-house equipment are regarded as having relatively inferior engineering efficiency, they have been acknowledged for improved reliability, ease of servicing and cost-effectiveness (Makena, 2013).

For the purposes of efficiency, Del Monte set up a second workshop for servicing over 120 farm machinery and vehicles. Among the machinery is the much publicized 525-h.p. John Deere tractors, deemed as the largest and most advanced pieces of agricultural machinery in Africa. Besides such well-equipped workshop, the company boasts of having a plant for sugar recovery that uses waste pineapple skins to manufacture high-grade refined sugar. The company is therefore happy to report that the refinery provides 20 percent of the cannery's sugar needs as well as integrating company activities. All these are within the parlance of improvement of financial performance (Makena, 2013).

1.2 Statement of the Problem

Strategic management aims at specifying the objectives of the organization, developing policies as well as plans to achieve the set goals, and distributing available resources to execute the plans and implement the policies (David, 2014). The strategic management and financial performance have recent received increased scholarly attention. The rapidly changing economic environment characterize this change as the ever-increasing product-market competition, changing customer and investor demands, and most importantly the globalization. To compete successfully, every organization needs to be constant look out to ensure that there is improvement in its financial performance by insuring that innovations are realized on the part of products and processes so that vibrant quality is achieved, large productivity is realized in consonant with the market needs, and above all; in order to realize big sales there is need of cost reduction. These actually point to strategic management. It ensures that a company employees proper completion strategies that puts it a head of others, besides putting up conducive environment to its workforce. It
must be a daily routine in the company in order to cut a competitive edge among competitors. Also the company needs to assess if there may be any need to change according to the ever changing technological needs.

Studies have been done on the effect of strategic management practices on financial performance, for example, distinction had a significant effect on the performance of organizations in German (Gebauer, 2011). Therefore, there is a gap for further studies to identify the impact of strategic management on other parameters of performance such as financial performance, organizational growth, and productivity.

The effects of strategic management on competitive advantage and organizational performance argues that most companies are hooked on traditional pillars of cost, quality and time which make them lack the competitive edge over their competitors and limiting their profitability and growth (Olanipekun, 2015). The failure to have a holistic view of organizational performance has established an organization to only concentrate on the three pillars thereby lacking a strategic view of the organizational performance and competencies. The study concludes that the organization performance is dependent on the forms of strategies adopted with a focus of outperforming the competitors. The study advocates for further studies on how specific strategy affect the organization revenue streams and operational costs. The research has further focused on operations in Nigeria, and therefore there is need to study how strategic management affects the local companies in Kenya.

The failure of Kenyan companies to achieve high profitability levels can be attributed to poor management, weak approach to the use of strategic management practices and lack of strategic roadmaps within the structures of the organization (Waweru & Omwenga, 2015). The study advocates the use of strategic management practices in an organization to ensure that there is a holistic view of performance which is pegged on strategic planning, strategy formulation, strategic choice and strategic implementation. They recommend further studies need to be undertaken to determine how the financial performance of other sectors of the economy such as private entities and public institutions are affected by the implementation of strategic management ((Waweru & Omwenga, 2015).

The study by (Gabauer 2011; Waweru & Omwenga, 2015; Olanipekun, 2015) have all showed the influence of strategic management on enhancing the performance of the
organizations but there lacks sufficient research on how strategic management can be applied to improve the financial performance of the food processing industry in Kenya. It is against this background that the study sought to examine how strategic management practices can be applied to transform financial performance of food processing industry in Kenya.

1.3 Purpose of the Study

This study aimed at analyzing strategic management practices and its effect of financial performance in food processing companies in Kenya with particular emphasis to Del Monte.

1.4 Research Questions

1.4.1 How does goal-setting strategies affect financial performance of food processing companies in Kenya?

1.4.2 What are the effects of generic strategies on the financial performance of food processing companies in Kenya?

1.4.3 How do monitoring and evaluation strategies affect the financial performance of food processing companies in Kenya?

1.5 Significance of the Study

1.5.1 Management of Del Monte Company

The study findings might provide information on the impact the strategies applied has had on the financial position. This information might assist the management to identify which strategies have had a positive impact and identify any area of strategic management they need to improve on. The findings might also enable the management to understand the employees' perception of the strategies and the processes that are being implemented to enhance organization financial performance.

1.5.2 Policy Makers

The Policymakers might benefit from this study since they may be able to get a further understanding of how strategic management practices can be used to enhance the financial performance of the organization. The findings of this study can be used by the
lawmakers to formulate rules and policies which might assist in better management of food processing industry.

1.5.3 Academician

The scholars might also benefit from the study since the findings of this study might add to the body of knowledge on strategic management. This study may be used to advance research on how organization performance can be improved through implementing different strategies. This study also outlines areas where further research needs to be undertaken by other scholars.

1.6 Scope of the Study

The study is aimed at examining the effects of strategic management practices on the financial performance of food processing companies in Kenya. The study conducted using a case study of Del Monte Kenya limited. The study target population for this study is the permanent employees who are in involved in strategy formulation, strategy implementation or strategy monitoring and evaluation at Del Monte Company. The study was conducted in a period of one month that October –November 2017. The study experienced respondents’ unwillingness take part in the study citing busy schedule this was overcome by assuring the participants that the study would only take 15 minutes of their time. Another challenge that was experienced related to the respondents’ perception that most of the items in the questionnaire focused on strategic issues hence they were not a position to disclose such information the researcher reassured the respondents that this study was only meant for academic purpose and that confidentiality would be upheld.

1.7 Definition of Terms

1.7.1 Generic Strategies

Generic strategies refer to Michel Porter's general strategies of enhancing organization's competitive advantage, and they include, cost leadership, differentiation, and focus strategies (Schraedr, 2012).

1.7.2 Goal Setting

This is a process of coming up with the direction of attention and effort towards task-relevant behaviors and actions (Lunenburg, 2011).
1.7.3 Strategic Management

It is an array of decisions as well as action aimed at streamlining an organization toward realizing its vision and mission. These are managerial decisions and action that in the long run would realize long-term organizational performance. This entails environmental scanning, strategy evaluation and control, strategy formulation, evaluation and control (Olanipekun, 2015).

1.7.4 Strategy Monitoring and Control

This is the objective appraisal of the project including its implementation, design, and results. The ultimate goal is the fulfillment of project objectives, embracing effectiveness, realizing development efficiency, and attaining sustainability and impact in the industry (Juma, 2015).

1.7.5 Financial Performance

Financial performance refers to the measure of organizations performance concerning its level of profitability; return on investment, return on assets, and sales (Muogbo, 2013). In this study financial performance was measured using return on equity (ROE).

1.8 Chapter Summary

This chapter has outlined the background of the problem and specified the specific problem which the study sought to address. The purpose of the study was to examine the effects of strategic management practices on financial performance of food processing companies in Kenya. This study might be useful to the Management of Del Monte Company, Policy Makers, and the Academician. Chapters two represent literature review on goal setting in strategic management, implementation of generic strategies and strategy monitoring and evaluation. Chapter three entails research methodology. Chapter four presents results and findings while Chapter five is made up of the summary, discussion, conclusion, as well as recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter outlines the previous studies and how other authors have carried out concept conceptualization together with their methodologies and eventual findings as far as the related studies were concerned. It also looks at empirical studies on these related studies as far as the role of strategic management practices on financial performance of food processing industry in Kenya is concerned.

2.2 Effects of Goal Setting on Financial Performance

The dynamism of the global business market has been characterized by stiff competition, new technology, complexity in regulation, an increase in global opportunities that have made the organizations need to set a clear direction for the organization (Oyedepo, 2015). This kind of trend can only be achieved by having a strategic approach to goal setting which results from organizational vision and mission statements. Success in a complex environment comes not just from one big thing done correctly but also from many small things done well. Organizations must increase sales but also generate profits. They must maintain or increase quality while holding down or cutting costs.

Pursuit of different goal types generates stress for organizations as well as for individuals. Individuals can sometimes manage goal complexity by reducing the types of goals they seek to attain, for example, by focusing on their careers and choosing to delay or avoid marriage and parenthood. Organizations can also reduce complexity by eliminating or neglecting some types of goals, but they do so at the risk of decreasing organizational performance because of the interdependence among goals and the actions required to achieve them (Oyedepo, 2015).

Research suggests that pursuit of a single goal is not a viable strategy for organizations (Papulova, 2014). Research has also shown that organizations combining two types of goals market orientations and entrepreneurial orientation - outperform organizations rating high on just one of these orientations. Organization theories are divided in terms of the emphasis placed on the friction caused by pursuing multiple goal types. For some theories, this friction is negligible. For example, structural contingency theory asserts that fit between the organization and its environment enhances organizational performance.
But what does it mean in a complex environment that cannot be characterized in terms of a single or just a few environmental factors, such as uncertainty or technology? Because environments are generally complex, achieving fit requires the pursuit of several goal types, leading to internal friction (Papulova, 2014).

Organizational population ecology emphasizes variation among rather than within organizations. But variation within organizations in terms of the types of goals pursued may affect the performance of organizations and ultimately their survival. Other theories of organization incorporate more explicitly the pursuit of multiple goal types and the resulting friction. Stakeholder theory asserts that organizations must find a balance among different stakeholders with differing interests (Papulova, 2014).

The need to offer rewarding experiences to employees, competitive returns to investors, innovative products and services to customers, and a myriad of contributions to these and other stakeholders or constituents suggests that organizations must pursue a variety of goal types. Theories of entrepreneurship and organizational learning direct attention to the friction between two types of conflicting goals: exploration of new opportunities and exploitation of existing strengths (Papulova, 2014).

Solutions such as the ambidextrous organization offer ways of explicitly addressing conflict among these goal types, but they do not and cannot eliminate the inherent conflict between exploration and exploitation because of the different actions required by each. Goal setting has become a valuable tool to measure progress, define the direction and financial performance of any organization (Tankovic, 2013). The setting of these goals through goal setting process has been proved to impact on the market share and profitability of the organizations using this principle.

2.2.1 Organization Vision

The purpose and the direction of the organization can only be outlined once the organization has undertaken adequate environmental scanning on the market and they have determined the position of the organization in the industry (Taiwo, 2016). According to Joachim (2013), the vision statement is a critical aspect of strategic management which provides a visionary approach to how the operations of the company should be in the future. It provides a state where all the employees need to put extra efforts every day so that the mental image formed by the vision statement can be a reality in the future. It is a picture of that connotes excellence, something that an individual, a group of persons or an
organization wants to come up with and help in ensuring that it gives the best possible future (Papulova, 2014). Vision statement as the organization desired future projection of the position of the company in the global sphere (Tankovic, 2013).

A strong vision should be able to help a business in not only giving the business entity the courage to face the future, but is as well helps it in telling or guessing future events. Apart from that, it prepares the business to anticipate changes and realize innovations that are in tandem with the changes. This would help in two most important aspects of the business which include building customers’ base/ robust clientele and contribute in boosting employees’ efficiency (Powers, 2012).

**2.2.2 Organization Mission**

The significant benefit of having a common mission statement is that it provides a similar purpose in an organization and therefore ensuring that all the resources are utilized efficiently to fulfill that mission. The mission statement serves as a focal point of identity for the individuals to identify themselves with the organization goal, purpose, and direction (Papulova 2014). This entails a wide range of scope mainly for two reasons. The first one is that well stated mission statement gives room for a range of probable complementary objectives as well as strategies without restricting the creativity of the management.

In an attempt to determine generic strategies employed by beverage firms operating in Kenya. It was found that food and beverage firms in Kenyan specialize in both differentiation and cost leadership simultaneously with a case of the one firm that was not following any strategy (Mutunga & Minja, 2014). Firms that involve themselves in practising strategic management do not only have a clear objective, but also a winning formula to attain the objective set and a sound mission statement that is used to guide the said organization (Njeru et al., 2014). The research established that the effect of strategic management is positive, which allow organizations in increasing profits and accommodating their customer's needs. However, for improvement reasons and the performance, the implementation of strategic management should be appropriately conducted.
2.2.3 Implication of Vision and Mission Statement on Financial Performance

The study on the implication of vision and mission statement indicates that for an organization to succeed in its entire strategic management practices there must be a precise formulation of vision and mission statement since it is the link between the organization current practices and the future they want to achieve (Tankovic, 2013). The study also points out that the vision and mission statement creates an institutional identity in which all the employees own and acts as the motivational driver.

A study on the significance of vision and mission development for enterprises in the Slovak Republic, indicated that 9.92% of the companies did not have a vision statement (Papulova, 2014). These organizations found not having vision were mostly micro and small enterprises, and they did not have a standard direction which can be spelled out by all employees. 37% of the vision and mission statement of the companies under study indicated that the company's owners formulated the statements and hence there was no sense of shared direction or vision for the business. It was also discovered that 9% of the companies, felt that it is just an ordinary paper with no strategic purpose. Organizations with vision and mission statements which are communicated broadly understood and collectively shared have been seen to perform better than organizations without (Beth, 2014).

A study indicated that majority of media stations in Kenya had embraced strategic management as a critical driving force of remaining profitable in the media industry (Otieno, 2010). The study established that majority of the firms had a documented vision and mission, implying that the media stations undertake strategic management. The study pointed out that the significant challenge in achieving the optimum value in strategic management was the formulation of the vision and mission of the top management and later being imposed on the subordinates. This kind of practice makes the organization not to obtain maximum benefits of strategic management since the assistants fail to contribute to strategy formulation and therefore ends up having a negative attitude towards the practice (Kiragu, 2014).

2.3 Effects of Generic strategies on Financial Performance

Strategies are systematic decisions about how to utilize the resources efficiently to achieve given a set of goals (Schraedr, 2012). A winning strategy must be based and founded on a detailed scanning of the market conditions and customers’ needs (Charles et
The ultimate goal of any strategy should be to achieve a superior competitive advantage compared to the competitors. A competitive advantage is manifest when an organization or business entity can deliver the same benefits just as the competitors but at a relatively lower cost (cost advantage), or it can deliver benefits that exceed those of competing products (differentiation advantage). This implies that, a competitive advantage enables the firm to endear customers to its products thereby creating superior value for its customers and superior profits for itself through making more sales courtesy of lowering the prices (Otieno, 2013). Cost leadership and differentiation has been vouched as positional advantages as they defines the firm's position in the industry as a leader in either cost or differentiation strategies that makes performance definite. A resource-based view advocates for companies to utilize internal strength and capabilities to attain a superior competitive advantage over competitors (Omwoyo, 2016).

2.3.1 Differentiation

Differentiation strategy as the actions designed by an organization to make their products look different and for customers to perceive them as a superior brand as compared to the competitors' product (Bani & Alhawary, 2009). With differentiation, the organization can develop a product which has unique features that make them enticing to the customers. A successful differentiation strategy has the capability of increasing the organizational returns and eventually enhancing its profitability.

A study on the effect of product differentiation on firm performance established a positive relationship between how products are differentiated and the level of performance across the industry (Kedera, 2016). The study pointed out that differentiation is a catalyst in enhancing uniqueness and control of a given market share. The study also pointed out that the quality of product is considered as the highest factor of differentiation to the extent of 48% of all other determinants which include, reliability, packaging, and pricing.

A study on the level of differentiation in the media industry in Kenya showed that differentiation is one of the primary strategies that media stations need to invest on to remain relevant in the market. The study pointed out that the significant facilitating factor in differentiating the level of services offered by the media industry. The study also pointed out that the reasons why stations like KBC station are lagging behind are due to their inability to apply modern technology in differentiating product offered to the customers (Atieno, 2010).
Differentiation strategy requires creation of a service or product that differs exclusively in its features from other services or products and focusing on the difference that is desired by consumers and making the consumers believe that the unique product is far better than the competitor’s. Companies that succeeds in differentiation strategy should develop strengths such as research and development competences, strong brand reputation for innovation and quality and strong sales team. A firm that differentiates, thus, should always discover ways of differentiating that result to a greater price premium than the differentiating cost. When differentiation is realized in a firm, the firm increases its market. This strategy needs a perception of uniqueness, which is matches increased market share, corporate reputation, robust co-operation from distribution channels, and product engineering. In most cases, attaining differentiation depicts a trade-off with positioning cost and needs both intensive and extensive research, high quality, intensive customer service, and product design (Atieno, 2010). Del Monte usually pursue differentiation strategy through selecting strategic locations, superior product quality, prioritizing safety, improved customer service, product branding with attractive colors.

2.3.2 Cost Leadership

In cost leadership, organizations aim is to become the low-cost producer in the market. This position can be obtained through economies of scale, investing in technology, experience curve effects, and easy access to raw materials. A low-cost producer usually establishes and takes advantage of all sources of cost advantage (Abu & Aliqah, 2012). The product is often an essential no-frills product is it is produced at a relatively low cost and availed to customers in a vast customers’ base. To maintain this strategy, it needs that there should be a consistent cost reduction in all business aspects. The related strategy for distribution is to achieve the optimal distribution. Promotional strategy attempts to create value out of low-cost product features for a business to maintain its good financial performance (Dubihlela & Sandada, 2014).

Successful implementation of this strategy needs a significant market share advantage or preferential access to components, raw materials, labor, or other critical input. In the absence of one of these benefits, the competitors can easily replicate the strategy (Kedera, 2016). Overall cost leadership requires organizations to come up with policies that ensures it becomes and remain the industries low cost producer. Additional organization strategies is poised on controlling costs that include firm grip on control of costs and
overhead, minimization of operating expenses, construction of efficient-scale facilities, reduction of input costs, avoidance of marginal customer accounts, strict control of labor costs, and lower distribution costs (Treacy & Wiersema, 2009).

Under cost Leadership strategy, the firms have to be a low cost producer for certain level of quality in the industry (Treacy & Wiersema, 2009). Cost leadership can be achieved through a variety of ways namely efficiency improvement, better access to low cost raw materials, optimizing outsourcing, vertically integrating decisions in the firm, and minimizing unnecessary costs. Companies that attain cost leadership usually have strengths in skill, capital as well as distribution efficiency. This implies that rival companies may not be able to reduce their costs further. When a company is able to realize a sustainable cost-leadership, this makes the firm above average performer as long as the firm commands near average market share. It has been reiterates that low cost strategy guarantees a firm a higher return (Kedera, 2016). Low cost position can be achieved through commanding a significant market share. Access to raw materials at a lower cost can also make a firm a low cost producer alongside creating a wide range of related products. Low cost strategy may also need huge initial capital investment by procuring the latest equipment, low-cost distribution system, startup losses through building market share and aggressive pricing (Dubihlela & Sandada, 2014). Concerning Del Monte, cost leadership is achieved through planting their own fruits such as pineapples which is done in Thika Farm, using their own fleets to transport raw materials from the farm to the production plant, reducing unnecessary operations or activities that do not bring sustainable returns to the company among others.

2.3.3 Focus/Niche strategy

In focus strategy, an organization needs to decide on either to focus on differentiating the product or focus on cost price to ensure they penetrate the market easily. It is asserted that if a company, for instance, opts to implement a focusing strategy by differentiation, then it ought to have all the options required by differentiation strategy and compete only in one market. In the same breadth, if it decides to focus on prices, then the focus should be limited to a specific market branch (Zekiri & Nedelea, 2011).

Focus strategy is underpinned on the choice of a narrow scope in a given industry (Bansal, 2008). In order to adopt focus strategy, the organization selects a niche in the industry and customizes create market entry barrier so as to exclude the potential market
entrants. This a firm is able to meet the needs of a narrow market thus excluding other firms. The firm typically hopes to gain a competitive edge via effectiveness and not through efficiency. Although focus strategy seems to be suitable for small firms, it can benefit a firm regardless of the size. The adoption of focus strategy on a given market segments (particularly less subjected to substitutes) may guarantee a firm greater returns (Kiragu, 2014).

In focus strategy the firm identifies a narrow market segment. Within the narrow market segment, the firm tries to achieve either differentiation or cost advantage. This is based on the argument that by focusing on the needs of a small group of consumers their needs can be entirely met. The use of focus strategy guarantees a firm of the customer loyalty (Kiragu, 2014). This strategy has two key aspects. A firm may focus on cost leadership in its target market and alternatively a firm may also focus on differentiation in its target market. The two key aspects of focus strategy depend on the differences between a firm’s target segment in the industry (Kiragu, 2014). Del Monte has adopted a combination of differentiation focus, and cost leadership implying that Del Monte employs cost cutting measures while still maintaining superior customer service and good quality. In some cases, Del Monte focuses on cost leadership strategies namely reducing expenses, sourcing raw materials from cheaper suppliers (Kiragu, 2014). In other cases Del Monte focuses on differentiation measures such as good appearance, high quality, and superior customer service among others.

2.4 Effects of Monitoring and Evaluation on Financial Performance

Strategy implementation aims to ensure all the organizational strategies are realized, and this is reflected by the organizational structure and design adopted (Gabauer, 2011). The process of putting the strategic plan in action is the role of management executive, and they have a significant role in motivating the employees, build core competencies and build a stable environment that will facilitate the achievement of the excellent performance. Strategy monitoring and evaluation is an essential tool in ensuring organization achieves its objectives about efficiency and profitability.

2.4.1 Monitoring and Evaluation Performance Measurement

Strategic assessment is the process of obtaining information about strategic plans and performance and comparing the data with standards (Juma, 2015). He further describes strategic control as the process of changing the strategic plan in light of improved
conditions or additional knowledge and or taking corrective action to bring activities into conformity with the plan. Strategy evaluation is essential for all sizes and any type of business entity (Wheelen & Hunger, 2012). Strategy evaluation should help in triggering managerial questioning of expectations and assumptions; this is to say that it should trigger a review of objectives and values, and should stimulate creativity in generating alternatives and formulating criteria of evaluation (David, 2014).

The use of financial ratios in measuring the performance of strategies is not enough, and sufficient tool since it is too narrow while the strategic management is designed to have a broad impact in the way business is carried out (Institute of Management Accountants, 2014). Therefore, the choice of the evaluation tool to apply is very critical in assessing the impact of a strategy in an organization. A combination of various tools which will determine not only the financial implications but also the human impact regarding motivation and other success factors in an organization.

Measuring and analyzing organizational performance plays a vital role in turning organizational goals to reality. Performance is usually evaluated by estimating the values of qualitative and quantitative performance indicators. It is essential for a company to determine the relevant indicators. The most common performance indicator in Kenya is the use of performance contracting which facilitate to evaluate an individual’s performance against own goals (Kihanya, 2013).

Organizational performance is not a one-dimensional theoretical construct nor is it likely to be characterized by a single operational measure (Schaninger et al., 2007). The essential measurements of organizational performance are the in the strategic management field must be aligned to the fulfillment of the central business objectives which are mostly profit maximization and stakeholder satisfaction (Pierre et al., 2009). The profit maximization objective is measured by the profit index of the organization over the period after the adoption of the strategy calling for the use of abnormal returns while the stakeholder satisfaction can be measured by use of survey to determine the satisfaction of the two most important stakeholders in the business organization namely the customer and the employee.

2.4.2 Monitoring and Evaluation Performance Review

Performance review is very critical in ensuring the organizational goals and targets have been achieved (García et al., 2011). Strategic monitoring involves the comparison of
actual performance against the pre-determined standards. Any variation is identified, and organization management needs to the full understand the reasons behind such variation. For Evaluation process to be organized and managed, there are other factors external to strategic control that may influence the strategic management negatively. The study points out some of these foreign elements may include organization lack of support especially in the provision of enough resources to implement the strategic management would have an adverse impact on the organization. Monetary support by management serves as a tool of strategy evaluation but in situations where the finances are inadequate the strategy evaluation process would be exhaustive and may lack any value to the organization.

The basic premise of strategic management is the achievement of the goals and objectives. The implementation process of the strategies can only be managed by evaluating actual performance and undertaking necessary collective action directing the organization to achieve its laid down targets (Pearce & Robinson, 2013). He further argues that strategy cannot be formulated or adjusted to conform to the dynamics of the market without the process of strategy evaluation. Strategy evaluation forms a vital step in the process of guiding an enterprise regardless of whether it is performed at an individual level or as a part of an organization review procedure. As performance results or outcomes are realized at any level of the organization, companies must assess the implication and fine tune the strategies according to the needs as they arise within the business for general improvement in a continuous process through an evaluation and control mechanism to succeed and reach company goals (Gichunge, 2007).

2.4.3 Effect of Performance Monitoring and Evaluation on Financial Performance

Continuous strategy evaluation is an important tool that is used to ensure organizational goals are achieved, and profit parameters are closely monitored in the business (Bryceson & Slaughter, 2011). Evaluation of strategic plan helps organizations to point out areas of deviation and adequate corrective measures are undertaken to enhance operations efficiency in the organization. The study further revealed that the organizational profitability had drastically improved due to the consistent focus and support from the top management on implementation of the strategic plan for the company.
Strategy evaluation is a very important tool used to legitimize the actions and plans of the top management before the eyes of the shareholders (Abdalla, 2015). Management of an organization acts under the agency principles where they are supposed to work in good faith on behalf of the stakeholders. The managerial actions need a way of evaluation to prove to the stakeholders that their interest has been upheld. This can be done through strategy monitoring where the actions are evaluated on their merit and a clear verdict given to the stakeholders on the direction of the organization. The evaluation findings are used as legitimizing factor on all actions of the management (Brycesson & Slaughter, 2011).

Strategy monitoring is needed to serve as a tool for providing information on how performance compares to the peers and other standards. It highlights what is expected and what needs to be done to keep up improving the performance. In this way, strategy evaluation is used to establish step by step guidelines on future actions based on learning from the past and the environment (Garcia, 2011).

Only ten percent (10%) of formulated strategies are successfully implemented (David, 2014). The reason advanced for the failure or the success of the strategies revolve around the fit between the structure and strategy, the allocation of resources, the organization culture, leadership, rewards as well as the nature of the strategy itself. A firm's successive strategies are much affected by its history and often take shape through experimentation and ad hoc refinement of current plans.

Strategic evaluation is difficult because each business strategy is unique and strategy is centrally concerned with the selection of goals and objectives. Majority of people find it easier to or try to achieve goals than to evaluate them; formal systems of strategic review, while appealing in principle, can create explosive conflict situations. This implies that evaluation of goals is more important than just achieving of goals. Evaluation will mean that a proper and necessary goal is done with first. In other words, the whole idea of strategy evaluation implies management by "much more than results” and runs counter too much of currently popular management philosophy (Arasa & K'Obonyo, 2012).

A study was also conducted on understanding the current degree of organizational support for project monitoring by reviewing institutional support provided by NGOs such as training, written guidelines and manuals, monitoring units and staff members (Gregersen & Lundren, 2009). A list of development organizations was compiled from databases.
provided by the World Bank, World Wildlife Fund, and others. To ensure that the organization’s staff member completing the questionnaire is familiar with the M & E system of the organization, we attempted to identify and target field-level staff or those otherwise closely associated with the organization’s field practices. He found out that, most of NGOs do not adequately support monitoring activities. Consequently, a conclusion was drawn that effective monitoring requires adequate organizational support for the enhancement of efficiency utilization of organizational resources.

2.5 Chapter Summary

This chapter has reviewed previous studies on the effects of strategic management on financial performance. The chapter has addressed the effects of goal setting on financial performance; effects of Generic strategies implementation on financial performance and effects of strategy monitoring and evaluation on financial performance. The next chapter addresses the research methodology employed in this study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, research methodology is discussed. The chapter highlights the tools, techniques, and procedures employed during data collection and analysis. The chapter further illustrates the procedures employed in attaining acceptable validity of the research.

3.2 Research Design

The study decided to adopt a descriptive design to determine the effect of strategic management practices on financial performance of food processing companies in Kenya. Descriptive design was a perfect fit for this study since it permitted the description of the relationship between the study variables (Saunder, Lewis, & Thornhill, 2012). The descriptive design can be further justified by the fact that it allowed for the analysis existence and magnitude of the relationships between the study variables.

3.3 Population and Sampling Design

3.3.1 Population

A study population comprises of the entire group of objects, events, individuals, with shared observable characteristics that that researchers used to make conclusions (Leedy & Ormrod, 2012). The study population was all the permanent employees working at Del Monte Company since they are directly affected by the strategic decisions made by the management while the financial performance of the company affects their day to day operations. Due to logistical reasons and time constraints, the study focused on management staff in Del Monte. There are two hundred and sixteen (216) management staff who are directly involved in strategy formulation, implementation and have vast knowledge on organizational financial performance on departmental levels as well as entire organization performance.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

A sampling frame is the collection of all objects within the population of interest to the researcher (Cox & Hassard, 2005).
This list helps the researchers to address the concerns on a given population. For this study, the list has been obtained from Del Monte Kenya.

3.3.2.2 Sampling Technique

There are two main sampling techniques that is non-probability and probability sampling. In probability sampling, the sample is determined scientifically, and the sample can be confidently used to generalize the population. In Non-probability sampling, samples are not scientifically determined and therefore cannot be confidently used to generalize the population. Sampling techniques such as stratified sampling, cluster sampling, simple random sampling and systematic sampling are probability sampling techniques (Saunders, Lewiw & Thornhill, 2012). The study adopted simple random sampling to select the respondents into the study. The rationale for the use of simple random sampling was to grant every participant equal change of taking part in the study.

3.3.2.3 Sample Size

The sample size is defined as the number of respondents that a researcher uses to collect data that represents the entire population (Saunders et al., 2012). Yamane’s formula will be used to determine a sample size for a study population;

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

Where \( n \) = sample size required, \( N \) = population size, and \( e \) = alpha level, i.e. \( e = 0.05 \) when the confidence interval is 95%.

\[ n = \frac{216}{(1 + 216 * 0.05^2)} \]

\[ n = 140 \]

The sample size in this study was 140 participants.
Table 3.1: Sampling Size

<table>
<thead>
<tr>
<th>Department</th>
<th>Population</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and marketing</td>
<td>521</td>
<td>37</td>
</tr>
<tr>
<td>Production</td>
<td>490</td>
<td>34</td>
</tr>
<tr>
<td>Accounting and finance</td>
<td>302</td>
<td>21</td>
</tr>
<tr>
<td>Warehouse</td>
<td>293</td>
<td>20</td>
</tr>
<tr>
<td>Human resource</td>
<td>250</td>
<td>17</td>
</tr>
<tr>
<td>Maintenance</td>
<td>160</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2016</strong></td>
<td><strong>140</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

The study used both secondary and primary data. Questionnaire was used to gather primary data. The questionnaires contained closed-ended questions. The use of a questionnaire as an instrument of research usually gave the respondents sufficient time to provide well-thought replies within the questionnaire items and enabled large samples to be covered in a short time (Creswell, 2013). The questionnaires had 5 point Likert scale of Not at all, little extent, moderate extent, a great extent, very great extent. The questionnaires contained four sections. Section A addressed the demographic data; Section B gathered information on the effects of goal setting on financial performance; section C focused on the effects generic strategy implementation on financial performance and; section D dealt with the effects of strategic monitoring and evaluation on financial performance.

Secondary data was obtained from Del Monte financial records of financial years 2014, 2015, and 2016. Specifically, ROE and ROI were extracted from Del Monte financial records. This data was used to analyze the effects of strategic management practices on financial performance of the organization.

3.5 Research Procedures

The researcher obtained a letter of introduction from United States International University-Africa showing the intent to carry out the study. The researcher then applied for a permit to conduct the study at National Commission for Research Technology and Innovation and Institutional Review Board. Upon getting the research permit, the
researcher then sought permission from the Human Resources and Administration Office in the Del Monte by providing an internal departmental project request letter as per company policy. After the authorization was granted, the questionnaire was pretested by providing the questionnaires among 14 respondents. Results from pretest were used to determine the study tool reliability and validity by using a Cronbach Alpha. For a study to be reliable, it has to have an Alpha value above 0.7 (Cox & Hassard, 2010). The study achieved 8.0 Alpha value (see Table 3.1). The information obtained from the pilot study was used to enhance the clarity of questions. The questionnaire administration was drop and pick later method. On the actual data collection, the researcher approached the participants at their work stations, selected the respondents and issued them with questionnaires. The researcher waited for about 5-10 minutes for the respondents to fill out the questionnaires then collected the questionnaires back.

3.6 Data Analysis Methods

Both descriptive and inferential analyses were employed in the study. The study employed descriptive analysis that included mean and standard deviation. The mean was used as a measure of central tendency while standard deviation was used as a measure of dispersion to inform how the responses were dispersed from the mean. Inferential statistics was also done. The study sought to establish the nature of both dependent and independent variables. Correlation coefficient (r) was used to aid in establishing correlation between the study variables of interest. Correlation coefficient shows the magnitude and direction of the relationship between the study variables. After conducting correlation test, the run linear regression. The 5% level of significance was taken as the level of decision criteria for the level of significance. Financial performance (Y) was calculated as a mean aggregate of Del Monte ROE.

\[ Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \varepsilon \]

**Equation 1: Regression Equation**

Where \( Y \) = Financial performance, \( \alpha = \) Intercept term, \( X_1 = \) Goal-setting, \( X_2 = \) Generic strategy, \( X_3 = \) Strategic monitoring and evaluation and \( \varepsilon = \) Error term
3.7 Chapter Summary

This chapter has provided the research methodology that is going to be adopted in undertaking this study. The study applied cross-sectional survey design to analyze the effects of strategic management practices in the financial performance of Del Monte Company. The target population for the study is two hundred and sixteen employees working at the top level and middle-level management. The study used questionnaires to collect primary data from the sample size 140 managers in Del Monte (K) Limited. Simple random sampling technique was employed in order to recruit the participants into the study. The results and findings of the study is discussed in the next chapter that is chapter four.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

The findings of the study and results are presented in this chapter. The chapter is organized into subsections namely the background information, descriptive analysis, and inferential analysis based on the research questions. The findings are presented in the form of figures, tables and charts alongside the interpretations of the researcher.

4.2 Response Rate

During data collection the researcher administered 140 questionnaires. The researcher received 132 filled out questionnaires out of the 140 issued. The researcher also noted that 2 questionnaires had incomplete responses. Thus 130 questionnaires were suitable for analysis. This gave a response rate of 92.9%. The high response rate was due to follow ups made by the researcher during data collection. A 60% response rate is considered good for data analysis and above 70% response rate is considered excellent for data analysis (Mugenda & Mugenda, 2008).

4.3 Background Information

4.3.1 Work Experience

Regarding employee’s work experience, the study found that 41.5% had 6-10 years, 25.4% had less than 5 years, 21.5% had 11-15 years while 11.6% has above 15 years. This implies that majority of the respondents had work experience of 6-10 years indicating that they had adequate work experience, thus they could give informed views on the effect of strategic management on financial performance in Del Monte.
Figure 4.1: Work Experience

4.3.2 Level of Education

Figure 4.2 shows that the majority of the employees (53.8%) had acquired degree followed by 32.3% of the employees with Diploma while 13.9% had postgraduate (that is masters and PhDs). This shows that the majority of the respondents had bachelors’ degree indicating that the majority of the respondents had deeper understanding of the effect of competitive strategies on financial performance.

Figure 4.2: Level of Education
4.3.3 Area of Specialization

Regarding area of specialization, the findings shows that majority of employees (21.1%) specialized in sales and marketing followed by 21.7% who specialized in warehouse management, 21.3% specialized in accounting and finance, 11.8% specialized in plant production, 10% specialized in strategic management while 9.1% of the employees specialized in human resource management. This depicts that all the significant areas of specialization were represented in the study hence the views gathered herein were inclusive.

![Area of Specialization Chart]

Figure 4.3: Area of Specialization

4.4 Descriptive Statistics

4.4.1 The Role of Goal-setting on Financial Performance

The first objective was to ascertain the role of goal setting on financial performance of food processing industry in Kenya. In order to achieve this the study measured the perception of the respondents on a five point Likert Scale the respondents were asked to indicate their level of agreements with a number of statements describing the role of goal-setting on financial performance in Del Monte; 1-Not at all, 2-Little extent, 3-Moderate extent, 4-Great extent, 5-Very great extent. The percentages, mean and standard deviation
were used to summarize the study findings. The findings reveal that the highest item ranked was formulation of universal organizational goals has resulted to enhanced financial performance in the organization (Mean=4.19; standard deviation=0.35) followed by the statement “Organizational goals provide direction of operation in the organization” (Mean=4.10; standard deviation=0.28). Employees are involved in the formulation of organization goals and strategies related to financial performance had a mean of 4.08 and standard deviation of 0.29. The role of mission statement on facilitating high financial performance is well understood by employees had a mean of 3.99 and standard deviation of 0.21 while the organization has established a mission and vision statement that stipulates the direction of the organization in terms of its profitability had a mean of 3.96 and standard deviation of 0.41 as shown in Table 4.1.

Table 4.1: Goal-setting

<table>
<thead>
<tr>
<th>Goal-setting</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>S.D</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization has established a mission and vision statement that stipulates the direction of the organization in terms of its profitability</td>
<td>4.97%</td>
<td>8.61%</td>
<td>10.93%</td>
<td>36.09%</td>
<td>39.40%</td>
<td>3.96</td>
<td>0.41</td>
</tr>
<tr>
<td>The role of mission statement on facilitating high financial performance is well understood by employees</td>
<td>4.29%</td>
<td>5.94%</td>
<td>11.88%</td>
<td>42.24%</td>
<td>35.64%</td>
<td>3.99</td>
<td>0.21</td>
</tr>
<tr>
<td>Employees are involved in the formulation of organization goals and strategies related to financial performance</td>
<td>1.65%</td>
<td>3.96%</td>
<td>12.21%</td>
<td>49.17%</td>
<td>33.00%</td>
<td>4.08</td>
<td>0.29</td>
</tr>
<tr>
<td>The organizational goals provide direction of operation in the organization</td>
<td>0.66%</td>
<td>4.61%</td>
<td>13.49%</td>
<td>46.71%</td>
<td>34.54%</td>
<td>4.10</td>
<td>0.28</td>
</tr>
<tr>
<td>Formulation of universal organizational goals has resulted to enhanced financial performance in the organization</td>
<td>0.99%</td>
<td>2.97%</td>
<td>11.88%</td>
<td>44.22%</td>
<td>39.93%</td>
<td>4.19</td>
<td>0.35</td>
</tr>
<tr>
<td>Overall mean and S.D</td>
<td>4.064</td>
<td>0.308</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The study sought to determine whether having a strategic plan affects the financial performance. The study established that majority of the respondents (57%) said yes, 30% said no while 12% said they have no idea as summarized in Figure 4.4

Figure 4.4: Strategic Plan Affects Financial Performance

4.4.2 The Effects of Generic Strategies Implementation on Financial Performance of Food Processing Industry in Kenya

The second objective was to analyze the effects of generic strategies implementation on financial performance of Food processing industry in Kenya. The study found out that the highest ranked item was the company is focusing on satisfying the customers need thereby enhancing customer loyalty (mean=4.9; standard deviation=0.24). The quality of product is unique from the competitors’ products and this has resulted to increased turnover (mean=4.63; standard deviation=0.11). Products are uniquely packaged to attract more customers and to increase turnover (mean=4.42; standard deviation=0.25). The products are competitively priced to enhance the sales turnover (mean=4.41; standard deviation=0.16). The organization has continuously differentiated their products thereby enhancing their competitiveness (mean=3.88; standard deviation=0.01) as shown in Table 4.2
<table>
<thead>
<tr>
<th>Generic strategy</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization has continuously differentiated their products thereby enhancing their competitiveness</td>
<td>2.30%</td>
<td>2.30%</td>
<td>13.16%</td>
<td>69.41%</td>
<td>12.83%</td>
<td>3.88%</td>
<td>0.01%</td>
</tr>
<tr>
<td>The products are competitively priced to enhance the sales turnover</td>
<td>2.65%</td>
<td>2.32%</td>
<td>14.24%</td>
<td>52.98%</td>
<td>27.81%</td>
<td>4.41%</td>
<td>0.16%</td>
</tr>
<tr>
<td>Products are uniquely packaged to attract more customers and to increase turnover</td>
<td>2.34%</td>
<td>4.01%</td>
<td>15.72%</td>
<td>45.48%</td>
<td>32.44%</td>
<td>4.42%</td>
<td>0.25%</td>
</tr>
<tr>
<td>The quality of product is unique from the competitors’ products and this has resulted to increased turnover</td>
<td>2.31%</td>
<td>4.29%</td>
<td>8.58%</td>
<td>37.62%</td>
<td>47.19%</td>
<td>4.63%</td>
<td>0.11%</td>
</tr>
<tr>
<td>The company is focusing on satisfying the customers need thereby enhancing customer loyalty</td>
<td>1.99%</td>
<td>3.64%</td>
<td>10.60%</td>
<td>51.32%</td>
<td>32.45%</td>
<td>4.9%</td>
<td>0.24%</td>
</tr>
<tr>
<td>Overall mean and S.D</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.45%</td>
<td>0.15%</td>
</tr>
</tbody>
</table>

The study sought to know whether product differentiation affects financial performance. The findings reveal that the majority of the respondents (72.3%) product differentiation affects financial performance, 24.6% said it does not affect while 3.1% said they had no idea as presented in Figure 4.5
The third objective was to determine the role of strategic monitoring and evaluation on financial performance of food processing industry in Kenya. The findings indicate that the highest ranked item was strategy monitoring and evaluation has a direct impact on the organizations profitability (mean=4.13; standard deviation=0.11). Adequate resources have been allocated to achieve the profit targets (mean=4.09; standard deviation=0.11). The top management is committed to the achievement of all laid down financial targets (mean=4.09; standard deviation=0.23). The employees are continuously trained on how best to implement the strategies and increase organization profitability (mean=4.08; standard deviation=0.13). The organization conducts continuous meetings to evaluate the implementation of strategies directly affecting financial performance (mean=3.85; standard deviation=0.01) as shown in Table 4.3.
The organization conducts continuous meetings to evaluate the implementation of strategies directly affecting financial performance.

<table>
<thead>
<tr>
<th>Strategic monitoring and evaluation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization conducts continuous meetings to evaluate the implementation of strategies directly affecting financial performance</td>
<td>1.66%</td>
<td>4.30%</td>
<td>12.58%</td>
<td>70.20%</td>
<td>11.26%</td>
<td>3.85</td>
<td>.01</td>
</tr>
<tr>
<td>The employees are continuously trained on how best to implement the strategies and increase organization profitability</td>
<td>2.98%</td>
<td>3.64%</td>
<td>8.94%</td>
<td>51.32%</td>
<td>33.11%</td>
<td>4.08</td>
<td>.13</td>
</tr>
<tr>
<td>The top management is committed to the achievement of all laid down financial targets</td>
<td>2.66%</td>
<td>3.99%</td>
<td>10.30%</td>
<td>48.50%</td>
<td>34.55%</td>
<td>4.08</td>
<td>.23</td>
</tr>
<tr>
<td>Adequate resources have been allocated to achieve the profit targets</td>
<td>2.97%</td>
<td>3.30%</td>
<td>11.88%</td>
<td>44.88%</td>
<td>36.63%</td>
<td>4.09</td>
<td>.11</td>
</tr>
<tr>
<td>Strategy monitoring and evaluation has a direct impact on the organizations profitability</td>
<td>1.97%</td>
<td>3.62%</td>
<td>11.84%</td>
<td>45.07%</td>
<td>37.50%</td>
<td>4.13</td>
<td>.11</td>
</tr>
</tbody>
</table>

The study sought to determine how frequent Del Monte reviews its strategic plan. The findings show that 58.3% of the respondents said Del Monte reviews its strategic plan after 3-4 years, 22.5% said it reviews its strategic plan after 5 years while 19.2% said the strategic plan in Del Monte is reviewed after 1-2 years as shown in Figure 4.6.
The study sought to determine whether having a strategic plan affects the financial performance of Del Monte. The findings reveal that 69.4% of the respondents said that having a strategic plan affects the financial performance of Del Monte, 18.7% said it does not affect while 11.9% had no idea.

4.5 Inferential Statistics

Upon description of the study variables using descriptive statistics, the study further sought to establish the effect of goal-setting, generic strategy and strategic monitoring and evaluation on financial performance of Del Monte. The researcher sought to establish the bivariate nature of both dependent and independent variables. To evaluate the strength of the relationship, a bivariate correlation analysis was used. Linear multiple regression analysis was further used to establish the nature of the relationship. The 5% level of significance was taken as the level of decision criteria for the level of significance. Financial performance (Y) was calculated as a mean aggregate of Del Monte ROE in the past three years.

4.5.1 Correlation Analysis

Before running the regression analysis, the researcher run the correlation matrix in order to check whether there was relationship between variables and also checked whether there was a multi-collinearity within the variable. The correlation coefficient varies over a
range of +1 through 0 to -1. When r is positive, the regression line has a positive slope and when r is negative, the regression line has a negative slope. Table 4.5 shows linear relationship between the study variables.

The findings of the correlation analysis indicated that there is a positive correlation between goal-setting strategy and financial performance in Del Monte Y (r=0.453, p value=0.004). Therefore, an increase in the use of goal-setting led to an increase in financial performance. Regarding generic strategy, the correlation coefficient was strong and positive Y (r = 0.874, p-value < 0.002). This means that an increase in use of generic strategy in Del Monte led to an increase in financial performance. Results of the study also showed that there is a significant positive correlation between strategic monitoring and evaluation and financial performance Y (r=0.551, p-value =0.005) implying that an increase in use of strategic monitoring and evaluation improved the financial performance of Del Monte. This means that the variables could be selected for statistical analysis like regression analysis. It is important to note that all the three goal-setting, generic strategy and strategic monitoring and evaluation had positive significant effect on financial performance of Del Monte however, generic strategy had the most significant influence on financial performance.

**Table 4.4: Linear Relationship between Study Variables**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 Pearson Correlation</td>
<td>1</td>
<td>.571**</td>
<td>.317**</td>
<td>.453**</td>
</tr>
<tr>
<td>Sign. (2-tailed)</td>
<td>.004</td>
<td>.002</td>
<td>.004</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td>X2 Pearson Correlation</td>
<td>.571**</td>
<td>1</td>
<td>.560**</td>
<td>.874**</td>
</tr>
<tr>
<td>Sign. (2-tailed)</td>
<td>.004</td>
<td>.003</td>
<td>.002</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td>X3 Pearson Correlation</td>
<td>.317**</td>
<td>.560**</td>
<td>1</td>
<td>.551**</td>
</tr>
<tr>
<td>Sign. (2-tailed)</td>
<td>.002</td>
<td>.003</td>
<td>.003</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td></td>
</tr>
<tr>
<td>Y Pearson Correlation</td>
<td>.453**</td>
<td>.874</td>
<td>.551</td>
<td>1</td>
</tr>
<tr>
<td>Sign. (2-tailed)</td>
<td>.004</td>
<td>.002</td>
<td>.003</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>130</td>
<td>130</td>
<td>130</td>
<td></td>
</tr>
</tbody>
</table>

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

Key Y= Financial performance  X1= Goal-setting strategy  X2= Generic strategy  X3=Strategic Monitoring and Evaluation
4.6 Regression Analysis

Conducting multiple linear regression analysis is the initial effort in examining the relationships that is proposed by the research model involved. Multiple linear regression analysis is often employed in the analysis of the relationship between a single dependent variable and several predictor variables as explained by Hair et al. (2006).

4.6.1 Generic Strategy and Financial Performance

The coefficient of determination (R squared) of 0.064 shows that 6.4% of financial performance in Del Monte can be explained by goal-setting. The 5.7% value of the adjusted R-square shows that in exclusion of the constant variable, goal-setting explained 5.7% change in Del Monte’s financial performance. There is also a positive correlation between financial performance and goal setting strategy as indicated by R of 0.253.

Table 4.5: Goal-setting and Financial Performance Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R square</th>
<th>Adjusted R square</th>
<th>Rsq</th>
<th>Std. Error of Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.253a</td>
<td>.064</td>
<td>.057</td>
<td>.70124</td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), X1

The Analysis of Variance (ANOVA) was conducted for financial performance against other factors such as goal-setting strategies, generic strategies and monitoring and evaluation strategies. At 95% confidence level (F=8.557, p value = 0.000) hence significant. The results are presented in Table 4.6.

Table 4.6: Goal-setting and Financial Performance ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>Df</th>
<th>Mean square</th>
<th>F</th>
<th>Sign.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>4.208</td>
<td>1</td>
<td>4.208</td>
<td>8.557</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>61.468</td>
<td>27</td>
<td>.492</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>65.676</td>
<td>28</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), X1
b. Dependent Variable: Financial Performance
The study sought to determine whether goal-setting had a significant effect on financial performance of Del Monte. The study findings indicated that there was a positive significant relationship between goal-setting and financial performance of Del Monte ($\beta=0.253$ and $p$ value=0.000). Therefore, a unit increase in use of goal-setting index led to an increase in Del Monte’s financial performance index by 25.3%. Since the $p$-value was less than 0.05 as shown in Table 4.7, the relationship is significant. It can then be concluded that goal-setting influences financial performance of Del Monte.

Table 4.7: Goal-setting and Financial Performance Regression Weights Model

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Standard error</th>
<th>Beta</th>
<th>T</th>
<th>Sign.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant) 2.648</td>
<td>.421</td>
<td>6.286</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Goal-setting .338</td>
<td>.116</td>
<td>.253</td>
<td>2.925</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Financial Performance

4.6.2 Generic strategy and Financial Performance

As shown in Table 4.8, R-squared of 0.14 depicts that generic strategy explains 14% of financial performance in Del Monte. The adjusted R-square of 0.133 indicates that in exclusion of the constant variable, generic strategy accounted for 0.133 change in Del Monte’s financial performance. A positive relationship existed between financial performance in Del Monte and generic strategy as indicated by R of 0.374.

Table 4.8: Generic Strategy and Financial Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted Square</th>
<th>R</th>
<th>Std. Error of the estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.374a</td>
<td>0.014</td>
<td>0.133</td>
<td>0.65977</td>
<td></td>
</tr>
</tbody>
</table>

a Predictors: (Constant), Generic strategy

Table 4.9 displays the Analysis of Variance (ANOVA) for regression coefficients. The results revealed that generic strategy is statistically significant in explaining financial performance of Del Monte. F statistics (20.182) confirmed that the model is indeed significant.
The study sought to determine whether generic strategy had a significant effect on financial performance of Del Monte. The study revealed that there was a significant positive correlation between financial performance and generic strategy in Del Monte ($\beta=0.374$ and p-value<0.001). This depicts that a unit increase in the use of generic strategy resulted to 0.374 rise in financial performance. Since the p-value was less than 0.05 as indicated on Table 4.10, the study confirmed that generic strategy had a significant effect on financial performance of Del Monte.

### Table 4.9: Generic Strategy and Financial performance ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>Df</th>
<th>Mean square</th>
<th>F</th>
<th>Sign.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>8.785</td>
<td>1</td>
<td>8.785</td>
<td>20.182</td>
<td>.001b</td>
</tr>
<tr>
<td>Residual</td>
<td>53.977</td>
<td>27</td>
<td>0.435</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>62.763</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a Dependent Variable: Financial Performance

*b Predictors: (Constant), Generic Strategy

### Table 4.10: Generic Strategy and Financial Performance Regression Weights

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sign.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>B = 2.069 Std. Error = 0.407</td>
<td>Beta = 5.077</td>
<td>5.077</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>0.28 Std. Error = 0.107</td>
<td>0.374 Beta = 4.492</td>
<td>4.492</td>
<td>0.00</td>
</tr>
</tbody>
</table>

*a Dependent Variable: Financial Performance

#### 4.6.3 Strategic Monitoring and Evaluation and Financial Performance

Results of regression analysis showed significant association between strategic monitoring and evaluation and financial performance. The coefficient of determination (R-squared) of 0.063 shows that 0.063 of financial performance in Del Monte can be explained by strategic monitoring and evaluation. It is shown that strategic monitoring and evaluation explained change in Del Monte’s financial performance by 0.055 as indicated by the adjusted R squared as shown in Table 4.11.
As shown in Table 4.12, there is a significant positive correlation between financial performance and strategic monitoring and evaluation (F=8.319, p value =0.005).

The study sought to find out whether strategic monitoring and evaluation had a significant effect on financial performance. Based on the results, financial performance and strategic monitoring and evaluation had β=0.251 and p-value=0.000 (see Table 4.13). This implies that an increase in the adoption of strategic monitoring and evaluation by one unit leads to 0.251 rise in financial performance in Del Monte. Therefore, it can be concluded that strategic monitoring and evaluation had a significant effect on financial performance in Del Monte.

Table 4.11: Strategic Monitoring and Evaluation and Financial Performance Model Summary

<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>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.251a</td>
<td>0.063</td>
<td>0.055</td>
<td>0.68872</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), Strategic Monitoring and Evaluation

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sign.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>3.946</td>
<td>1</td>
<td>3.946</td>
<td>8.319</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>58.817</td>
<td>27</td>
<td>0.474</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>62.763</td>
<td>28</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Dependent Variable: Financial Performance

b Predictors: (Constant), Strategic Monitoring and Evaluation
Table 4.13: Strategic Monitoring and Evaluation and Financial Performance regression weights

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant) 2.693</td>
<td>0.416</td>
</tr>
<tr>
<td></td>
<td>Focus 0.206</td>
<td>0.106</td>
</tr>
</tbody>
</table>

a Dependent Variable: Financial Performance

4.7 Overall Model Summary

Having looked at the effects of individual strategic management practices on financial performance, the study further sought to determine the combined effects of strategic management practices on financial performance. This is because in most cases organizations tend to apply a variety of strategic management practices at the same time.

The study sought to determine strategic management practices (generic strategy, goal-setting and strategic monitoring and evaluation) and financial performance of Del Monte’s model summary, the findings are shown in Table 4.15. The findings show that the coefficient of determination (adjusted R squared) of 0.55 shows that 55% of financial performance in Del Monte can be explained by generic strategy, goal-setting, strategic monitoring and evaluation.

Table 4.14: Overall model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adj R²</th>
<th>Std. error of the estimate</th>
<th>R Square Change</th>
<th>F</th>
<th>Df</th>
<th>Sign.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.394a</td>
<td>0.56</td>
<td>0.55</td>
<td>2.20</td>
<td>0.16</td>
<td>17.33</td>
<td>304</td>
<td>0.00</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), Generic strategy, Goal-setting, Strategic Monitoring and Evaluation
The study sought to determine the combined effect of strategic management practices (generic strategy, goal-setting and strategic monitoring and evaluation) on financial performance’ ANOVA.

F statistics was used to establish any difference in means observed in order to test the significance and also to test whether there was influence of strategic management practices on financial performance. The study found that the means are statistically significant (p = 0.001 < 0.05). The results reveal that there is a statistically significant strategic management practices on financial performance of Del Monte as shown in Table 4.15.

Table 4.15: Overall Model ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>Df</th>
<th>Mean square</th>
<th>F</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>334.9</td>
<td>4</td>
<td>83.73</td>
<td>17.33</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>1822</td>
<td>301</td>
<td>4.832</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>2156</td>
<td>305</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Dependent Variable: Financial Performance

b Predictors: (Constant), Generic strategy, Goal-setting, Strategic Monitoring and Evaluation

The study sought to establish strategic management practices and financial performance’s regression coefficients; the findings are summarized in Table 4.16. The findings show that overall strategic monitoring and evaluation had the most significant positive relationship with financial performance (β=0.23 t=2.95 p value = 0.00). This implies that a unit increase strategic monitoring and evaluation leads to an increase in financial performance by 0.23. The second most significant influence was generic strategies (β=0.16 t=2.45 p value = 0.02). A unit increase in generic strategies leads to 0.16 increase in financial performance in Del Monte. Moreover, goal-setting had the least significant influence on financial performance (β=0.15 t=2.08 p value = 0.04). A unit increase in goal-setting leads to 0.15 rise in financial performance in Del Monte.
Table 4.16: Overall Model Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>T</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.52</td>
<td>1.13</td>
<td>3.11</td>
<td>0.00</td>
</tr>
<tr>
<td>Goal-setting</td>
<td>0.07</td>
<td>0.03</td>
<td>0.15</td>
<td>2.08</td>
</tr>
<tr>
<td>Generic strategy</td>
<td>0.10</td>
<td>0.04</td>
<td>0.16</td>
<td>2.45</td>
</tr>
<tr>
<td>Strategic monitoring and evaluation</td>
<td>0.10</td>
<td>0.04</td>
<td>0.23</td>
<td>2.95</td>
</tr>
</tbody>
</table>

a Dependent variable: Financial Performance

The regression model can therefore be summarized as follows:

\[ Y = 3.52 + 0.15X_1 + 0.16X_2 + 0.23X_3 \]

Where:

\[ Y = \text{Financial Performance} \]
\[ X_1 = \text{Goal-setting} \]
\[ X_2 = \text{Generic Strategy} \]
\[ X_3 = \text{Strategic Monitoring and Evaluation} \]

4.8 Chapter Summary

This chapter has highlighted the results and study findings under the following subtopics: response rate, general information, descriptive analysis, correlation and regression analysis. The next chapter which is chapter five presents the summary, discussion, conclusion and recommendations of the study.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This study sought to ascertain the effects of strategic management practices on financial performance of Del Monte. This chapter summarizes findings as well as conclusions gathered from the analysis of data. Findings have been discussed in relation to the objectives of the study, conclusions drawn and recommendations given. It also puts forward the suggestions for further research.

5.2. Summary of the Study

This study aimed at analyzing the role of strategic management practices on financial performance of Food Processing Industry. The study sought to achieve the following specific objectives: To establish the role of goal setting, generic strategies on strategic monitoring and evaluation on financial Performance in Food Processing Industry in Kenya. The study adopted cross-sectional survey design. The target population of the study was the two thousand and sixteen (2016) employees' working at Del Monte in both managerial and subordinates’ levels. Primary data was collected using questionnaires. The data obtained were analyzed using Statistical Package for Social Sciences (SPSS Version 21). A multiple linear regression analysis using the SPSS package version 21 was done, where also R-squared was determined. The findings were presented in the form of tables, charts and graphs.

The demographic information showed that the majority of the senior and middle level managers in Del Monte representing 41.5% had working experience of 6-10 years. About 25.4% had less than 5 years. Nearly 21.5% had 11-15 years of working experience while 11.6% had above 15 years of working experience. Most of the middle and senior level managers in Del Monte (53.8%) had degrees. About 32.3% had Diploma and 13.9% had acquired postgraduate degrees. The majority of senior and middle level managers in Del Monte (21.1%) specialized in sales and marketing. Nearly 21.7% of them specialized in warehouse management. Those who specialized in accounting and finance accounted for about 11.8%. Strategic management accounted for 10% while 9.1% specialized in human resource management.
In terms of goal-setting, the study established that formulation of universal organizational goals has resulted to enhanced financial performance in the organization had the highest ratings (Mean=4.19; standard deviation=0.35). The organizational goals provide direction of operation in the organization followed closely a mean of 4.10 and standard deviation of 0.28. Employees are involved in the formulation of organization goals and strategies related to financial performance was in third place with a mean of 4.08 and standard deviation of 0.29. The role of mission statement on facilitating high financial performance is well understood by employees was ranked fourth (mean=3.99; standard deviation =0.21). Lastly, organization has established a mission and vision statement that stipulates the direction of the organization in line with its profitability had a mean of 3.96 and standard deviation of 0.41. Correlation results show that there was a positive correlation between goal-setting and financial performance in Del Monte (r=0.453; p=0.04). Regression analysis showed that 0.15 financial performance is explained by goal-setting.

Regarding generic strategies, the highest ranked item was the company is focusing on satisfying the customers need thereby enhancing customer loyalty (mean=4.9; standard deviation=0.24). The quality of product is unique from the competitors’ products and this has resulted to increased turnover was ranked in the second place (mean=4.63; standard deviation=0.11). Products are uniquely packaged to attract more customers and to increase turnover came in third place (mean=4.42; standard deviation=0.25). The products are competitively priced to enhance the sales turnover was ranked in the fourth place (mean=4.41; standard deviation=0.16). The organization has continuously differentiated their products thereby enhancing their competitiveness was fifth (mean=3.88; standard deviation=0.01). Correlation results indicate that there was a strong positive correlation between generic strategies and financial performance in Del Monte (r=0.874; p=0.02). Regression analysis showed that 0.23 financial performance is explained by strategic monitoring and evaluation.

Concerning strategic monitoring and evaluation, the highest ranked item was strategy monitoring and evaluation has a direct impact on the organizations profitability (mean=4.13; standard deviation=0.11). This was followed by adequate resources have been allocated to achieve the profit targets (mean=4.09; standard deviation=0.11). The top management is committed to the achievement of all laid down financial targets had the third highest ranking (mean=4.09; standard deviation=0.23). The employees are
continuously trained on how best to implement the strategies and increase organization profitability was fourth (mean=4.08; standard deviation=0.13). The least ranked item was the organization conducts continuous meetings to evaluate the implementation of strategies directly affecting financial performance (mean=3.85; standard deviation=0.01). Correlation results showed that there was a positive correlation between strategic monitoring and evaluation and financial performance in Del Monte (r=0.453; p=0.04). Regression analysis indicate that 0.16 financial performance is explained by strategic generic strategies.

5.3 Discussion

5.3.1 Role of Goal-Setting on Financial Performance

Descriptive results showed that goal-setting was the least ranked strategic management practices adopted by Del Monte. The findings of the correlation analysis indicated that there is a positive correlation between goal-setting strategy and financial performance in Del Monte. Therefore, when the use of goal-setting is increased, it leads to an increase in financial performance. The findings further indicated that there was a positive correlation between goal-setting and financial performance. Regression analysis showed that goal-setting had the least effect on financial performance in Del Monte.

The findings agree with that of Beth (2014) who found out that firm’s mission and vision statements that are clearly communicated, shared collectively and broadly understood perform better than firms without. As Tankovic (2013) observe that there must be a precise formulation of vision and mission statement since it is the link between the organization current practices and the future they want to achieve. He further points out that the vision and mission statement creates an institutional identity in which all the employees own and acts as the motivational driver.

Joachim (2013) state that the vision statement is a critical aspect of strategic management which provides a visionary approach to how the operations of the company should be in the future. It provides a state where all the employees need to put extra efforts every day so that the mental image formed by the vision statement can be a reality in the future. As pointed by Powers (2012), a strong vision helps a business entity to see the future events and prepares for changes and innovations. It does not only give the business the courage
in facing the future, but also enables it to forecast changes in the demand of customers and boost employee efficiency

As outlined in Njeru et al., (2014), firms that practice strategic management have a clear objective, a winning formula to attain the objective set and a sound mission statement that is used to guide the organization. The research established that the effect of strategic management is positive, which allow organizations in increasing profits and accommodating their customer's needs. However, for improvement reasons and the performance, the implementation of strategic management should be appropriately conducted.

Otieno (2010) established that the majority of media stations in Kenya had embraced strategic management as a critical driving force of remaining profitable in the media industry. The study established that majority of the firms had a documented vision and mission, implying that the media stations undertake strategic management. The study pointed out that the significant challenge in achieving the optimum value in strategic management was the formulation of the vision and mission of the top management and later being imposed on the subordinates.

Papulova (2014) observed that some of the companies investigated did not have a vision statement. These business entities that did not have vision were included mostly micro and small enterprises, thus, they did not have a standard direction which can be spelled out by all employees. The vision and mission statement of the companies under study indicated that the company's owners formulated the statements and hence there was no sense of shared direction or vision for the business. It was also discovered that some companies, felt that it is just an ordinary paper which has no strategic purpose.

5.3.2 Effect of Generic Strategies on Financial Performance

The descriptive analysis showed that generic strategies was the most rated among the strategic management practices implemented by Del Monte. The correlation coefficient was strong and positive. This means that an increase in use of generic strategy in Del Monte led to an increase in financial performance. Regression results also showed that generic strategies had the most significant influence on financial performance in Del Monte.
The findings concur with that of Kedera (2016) who established a positive relationship between how products are differentiated and the level of performance across the industry. The study pointed out that differentiation is a catalyst in enhancing uniqueness and control of a given market share. The study also pointed out that the quality of product is considered as the highest factor of differentiation of all other determinants which include, reliability, packaging, and pricing.

Atieno (2010) also showed that differentiation is one of the primary strategies that media stations need to invest on to remain relevant in the market. The study pointed out that the significant facilitating factor in differentiating the level of services offered by the media industry. The study also pointed out that the reasons why stations like KBC station are lagging behind are due to their inability to apply modern technology in differentiating product offered to the customers.

Bansal (2008) observes that the focus strategy is based on a narrow competitive scope within the industry. The company adopting this particular strategy selects and customizes a niche in the industry so as to serve them to the exclusion of others. By focusing on a narrow market the organization is able to adequately meet the needs of the customers hence gaining competitive advantage. This way the company is able to gain a competitive advantage through effectiveness and not through efficiency.

According to Abu and Aliqah (2012), low-cost producer usually establishes and takes advantage of all sources of cost advantage. The service/product is often an important no-frills product produced at low cost and sold to a large clientele. This strategy needs a consistent application of cost reductions in every business aspect. This strategy requires an organization to establish an extensive distribution network. The promotional strategy entails creating a value out of low-cost product features. This strategy requires a significant market share for it to be successful or preferential access to labour, raw materials among other resources.

Kedera (2016) further reveal that competitors can easily mimic cost leadership strategy if a firm lack one or more of the above listed benefits. Cost leadership demands that organizations should come up with policies that are geared towards realizing and remaining the lowest-cost producer and distributor in the industry. Treacy and Wiersema (2009) revealed that other strategies aimed at minimizing costs include setting up
efficient-scale facilities, costs and overhead control, marginal customer accounts avoidance, operating expenses minimization, input costs reduction, strict control of labor costs, as well as lower distribution costs.

5.3.3 Influence of Strategic Monitoring and Evaluation on Financial Performance

Descriptive analysis indicated that strategic monitoring and evaluation was the second highest rated among the strategic practices adopted by Del Monte. The study also showed that there is a significant positive correlation between strategic monitoring and evaluation and financial performance implying that an increase in use of strategic monitoring and evaluation improved the financial performance of Del Monte. The study further found a significant positive relationship between strategic monitoring and evaluation and financial performance. Regression results depicts that strategic monitoring and evaluation second highest effect on financial performance in Del Monte.

The findings are congruous with that of Brycesson & Slaughter (2011) who observed that continuous strategy evaluation is an important tool that is used to ensure organizational goals are achieved, and profit parameters are closely monitored in the business. Evaluation of strategic plan helps organizations to point out areas of deviation and adequate corrective measures are undertaken to enhance operations efficiency in the organization. The study further revealed that the organizational profitability had drastically improved due to the consistent focus and support from the top management on implementation of the strategic plan for the company. Abdalla (2015) also verified that strategy evaluation is a very important tool used to legitimize the actions and plans of the top management before the eyes of the shareholders. Management of an organization acts under the agency principles where they are supposed to work in good faith on behalf of the stakeholders.

Gregersen and Lundren (2009) also conducted a study on understanding the extent of organizational support in monitoring of the projects by examining institutional support given by NGOs namely written guidelines, training, manuals, staff members as well as monitoring units The field-level staff were identified and issued with the questionnaire so as to ensure that they respondents were familiar with monitoring and evaluation. The study revealed that the majority of the NGOs provide minimal support to the monitoring
activities. Consequently, the study concluded that effective monitoring requires adequate organizational support so as to efficiently utilize organizational resources.

5.4 Conclusion

5.4.1 Role of Goal-Setting on Financial Performance

The study sought to determine the effect of goal-setting on financial performance in Del Monte. The study established that goal-setting had a significant positive effect on financial performance in Del Monte (K) Limited. The findings further showed that goal-setting had the least effect on financial performance. Therefore, the study concludes that goal-setting has the least effect on financial performance in Del Monte.

5.4.2 Effect of Generic Strategies on Financial Performance

The study enquired into the effect of generic strategies on financial performance in Del Monte (K) Limited. The findings revealed that generic strategies had a significant positive effect on financial performance Del Monte (K) Limited. The study further established that generic strategies had the second greatest effect on financial performance. Therefore, the study concludes that generic strategy has the second greatest effect on financial performance in Del Monte.

5.4.3 Influence of Strategic Monitoring and Evaluation on Financial Performance

The study sought to know the effect of strategic monitoring and evaluation on financial performance in Del Monte (K) Limited. The findings revealed that strategic monitoring and evaluation had a positive significant relationship with financial performance in Del Monte (K) Limited. The study further showed that strategic monitoring and evaluation had the greatest effect on financial performance. Therefore, the study concludes that strategic monitoring and evaluation has the highest effect on financial performance in Del Monte.
5.5 Recommendations

5.5.1 Recommendations for Practice

5.5.1.1 Role of Goal-Setting on Financial Performance

The study recommends that Del Monte should involve its employees in the formulation of organization goals and strategies related to financial performance. Del Monte should also ensure that their organizational goals are clear enough and provide direction of operation in the organization.

5.5.1.2 Effect of Generic Strategies on Financial Performance

The study recommends that Del Monte should endeavor to enhance its generic strategies through adopting cost leadership, differentiating its products and focusing of specific market niche(s) by uniquely packaging its products to attract more customers hence increasing turnover.

5.5.1.3 Influence of Strategic Monitoring and Evaluation on Financial Performance

The study recommends that Del Monte should enhance its strategic monitoring and evaluation practices by ensuring that adequate resources have been allocated towards the realization of profit targets. They should also ensure that top management is committed to the achievement of all laid down financial targets.

5.5.2 Recommendation for Further Study

The study sought to determine the effect of strategic management practices on financial performance of food processing industry focusing on Del Monte Kenya Limited. The study recommends further study on the effect of strategic management practices on financial performance among all firms in the food processing industry. The study also recommends that other researcher designs such as longitudinal design should be used in future studies to determine effect of strategic management practices on performance in the food processing industry in Kenya over a long period of time.
REFERENCES


Juma, J. (2015). “Strategy evaluation and control at Ushuru savings and credit cooperative society limited.” Unpublished MBA project of the University of Nairobi


APPENDICES

Appendix 1: Letter of Introduction

I am a graduate student at United States International University, researching effects of strategic management practices on financial performance of Del Monte. This is in partial fulfillment of the requirement of the Master of Business Administration (Strategic Management) degree program at the United States International University (Africa).

You have been randomly selected among many to participate in this study. It is estimated that it will take less than ten (10) minutes of your time to complete the questionnaire. Please respond as honestly and objectively as possible. Your participation is very essential for the accomplishment of this study, and it will be highly appreciated. I guarantee that the information that you will provide will be treated with the utmost confidentiality and will be used only for academic purposes.

This is an academic research and confidentiality is strictly emphasized, your name will not appear anywhere in the report. Kindly spare some time to complete the questionnaire attached.

Thank you.

Yours faithfully,

KENNEDY MUCHIRI
Appendix 2: Questionnaire

SECTION A: DEMOGRAPHIC INFORMATION

Please tick where appropriate

1. How long have you worked for the Del Monte Kenya?

   Less than 5 Years [ ]
   6 – 10 Years [ ]
   11 – 15 Years [ ]
   Above 15 Years [ ]

2. What is your highest level of education?

   Diploma / Higher National Diploma [ ]
   Degree [ ]
   Postgraduate and above [ ]

3. Indicate your area of specialization

   Sales and marketing [ ]
   Accounting and Finance [ ]
   Human resource management [ ]
   Strategic management [ ]
   Plant production [ ]
   Warehouse management [ ]
SECTION TWO: GOAL SETTING

Kindly indicate the extent to which you agree with the following statements concerning the role of goal setting on the financial performance of Food processing industry in Kenya. Use the scale of 1. Not at all, 2. To a little extent, 3. To a moderate extent, 4. To a great extent, 5.

To a very great extent

1. Does having a strategic plan effects the financial performance of your company?

Yes [ ] No [ ] No idea [ ]

<table>
<thead>
<tr>
<th>No</th>
<th>Statements</th>
<th>Not at all</th>
<th>To a little extent</th>
<th>To a moderate extent</th>
<th>To a great extent</th>
<th>To a very great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The organization has established a mission and vision statement that stipulates the direction of the organization concerning its profitability</td>
<td></td>
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<td>2</td>
<td>The role of mission statement on facilitating high financial performance is well understood by employees</td>
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<td>3</td>
<td>Employees are involved in the formulation of organization goals and strategies related to financial performance</td>
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<tr>
<td>4</td>
<td>The organizational goals provide direction of operation in the organization</td>
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<tr>
<td>5</td>
<td>Formulation of universal organizational goals has resulted in enhanced financial performance in the organization</td>
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</table>
SECTION THREE: GENERIC STRATEGIES

Kindly indicate the extent to which you agree with the following statements concerning the effects of generic strategies implementation on the financial performance of Food processing industry in Kenya. Use the scale of 1. Not at all, 2. To a little extent, 3. To a moderate extent, 4. To a great extent, 5. To a very great extent

<table>
<thead>
<tr>
<th>NO.</th>
<th>Statements</th>
<th>Not at all</th>
<th>To a little extent</th>
<th>To a moderate extent</th>
<th>To a great extent</th>
<th>To a very great extent</th>
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<tbody>
<tr>
<td>1</td>
<td>The organization has continuously differentiated their products thereby enhancing their competitiveness</td>
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<td>2</td>
<td>The quality of product is unique from the competitors' products, and this has resulted in increased turnover</td>
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<td>3</td>
<td>The products are competitively priced to enhance the sales turnover</td>
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<td>4</td>
<td>The company is focusing on satisfying the customers need thereby enhancing customer loyalty</td>
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<td>5</td>
<td>Products are uniquely packaged to attract more customers and to increase turnover</td>
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</table>

2. Does product differentiation affect the financial performance of your company?

Yes [ ] No [ ] No idea [ ]
SECTION FOUR: STRATEGIC MONITORING AND EVALUATION

Kindly indicate the extent to which you agree with the following statements concerning the role of strategic monitoring and evaluation on the financial performance of Food processing industry in Kenya.

Use the scale of 1. Not at all, 2. To a little extent, 3. To a moderate extent, 4. To a great extent, 5. To a very great extent

<table>
<thead>
<tr>
<th>NO.</th>
<th>Statements</th>
<th>Not at all</th>
<th>To a little extent</th>
<th>To a moderate extent</th>
<th>To a great extent</th>
<th>To a very great extent</th>
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<tbody>
<tr>
<td>1</td>
<td>The organization conducts continuous meetings to evaluate the implementation of strategies directly affecting financial performance</td>
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<tr>
<td>2</td>
<td>The employees are continuously trained on how best to implement the strategies and increase organization profitability</td>
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<td>3</td>
<td>The top management is committed to the achievement of all laid down financial targets</td>
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<td>4</td>
<td>Adequate resources have been allocated to achieve the profit targets</td>
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<td>5</td>
<td>Strategy monitoring and evaluation have a direct impact on the organization's profitability.</td>
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</table>

6. How often does your organization review its strategic plans?

After 1 - 2 years [ ] After 3-4 years [ ] After 5 years [ ]

7. Does having a strategic plan effects the financial performance of your company?

Yes [ ] No [ ] No idea [ ]
Appendix 3: Data Collection Checklist

<table>
<thead>
<tr>
<th>Variable</th>
<th>Source</th>
<th>MEASUREMENTS</th>
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<tbody>
<tr>
<td><strong>Financial performance</strong></td>
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<tr>
<td></td>
<td>Shareholders’ equity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Net income</td>
<td></td>
</tr>
</tbody>
</table>