STRATEGY IMPLEMENTATION AND PERFORMANCE OF FLORICULTURE ORGANIZATIONS IN KENYA: A CASE OF WINCHESTER FARM LTD

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ABSTRACT

This study examined the influence of strategy implementation on the performance in the Floriculture organizations with a specific reference to Winchester Farm Ltd. The study specifically focused on the influence of strategy evaluation, organizational structure, policies and programs, and budget and allocation of resources on the performance of Winchester Farm Ltd. A case study research design was adopted in this study. The target population was one hundred and eighty employees and twenty six managers. The sample size was fifty four employees and twenty six managers. In total, they were sixty three respondents. However, only forty eight employees and nineteen managers responded back. Simple random and census sampling technique was used to select the sample size. Questionnaires and interview guides were used to collect the data. Quantitative and qualitative approaches were used in analyzing the data. Statistical Package for Social Sciences (SPSS version 21) was used for coding the information obtained from the questionnaire and summarizing it into frequencies and percentages. The summarized information was presented using tables, figures and pie charts. The open ended questions were analyzed qualitatively and integrated within the quantitative data. The analyzed information was used in coming up with conclusions and recommendations. From the analysis, it was established that the coefficient of determination for the optimal regression model indicates that 69.6% of the variation on organizational performance is influenced by strategy implementation. The implication is that, there exists a positive significant relationship between independent variables and organizational performance of Winchester Farm Ltd (p<.030). The influence of Organization Structure (Beta=.124), organization policies (Beta=.183), allocation of resources (Beta=.114) and strategy evaluation (Beta=.160) are positively related to the organizational performance in Winchester Farm Ltd.

Key Words: organization structure, policies, allocation of resources, strategy evaluation, performance, Winchester Farm Ltd

INTRODUCTION

This chapter presented the concepts of strategy implementation and performance of floriculture organizations, statement of the problem, research objectives, research questions, significance of the study, scope and delimitation of the study and conceptual framework. The conceptual framework paid attention on the interrelationship of the variables used in the study.

Organizations often prioritize strategy development and implementation as a critical task in order to be successful, given the turbulent business environments in which they function (Pearce & Robinson, 2013). Strategic management practices include planning, implementation, evaluation, and control (David, 2011). Strategic management influences the competitive positioning of a firm in an industry. This, in turn, determines the organization’s performance, which translates to
whether the organization is meeting its goals (Johnson, Scholes & Whittington, 2008). A well-articulated strategy leads to stakeholder engagement and, as a result, promotes commitment to implementation of strategic management practices that often lead to competitive advantage and sustainable performance (Olanipekun, Abioro, Akanni, Arulogun & Rabiu, 2015).

Strategy implementation importance lies in processes and activities that transform the strategy formulated into a series of actions and results to ensure that the vision, mission and objectives of an entity are achieved (Thompson & Strickland, 2008). Strategy implementation includes developing a supportive organizational culture, operationalizing an effective organizational structure, refining marketing efforts, developing budgets, using information systems innovatively, and ensuring employee compensation is linked to organizational performance (David, 2011).

As pointed out by Zepsa and Ribickisb (2015), there are various factors which dictate the success of an organization when it comes to implementing a strategy. These factors include provision of incentives to the employees, having a work plan put in place and involving all the stakeholders in the initial phase of strategy formulation. Involvement all the stakeholders help to promote some sense of ownership.

In a survey, only 14 percent of organizations had done strategy execution successfully, even though about 80 percent of them had a strategy that fitted in well with the sector environment and internal process (Cater & Pucko, 2010). Strategy leads to change, and about 70% of all change initiatives fail (Beer & Nohria, 2000). Change management is often an instrument for strategy implementation; this is because the enactment of formulated strategy introduces organizational change, with expectations that the organization will align with a changing external environment (Markiewicz, 2011). Organizational change, therefore, is the transformation of the existing business system and activities to new formulated procedures aimed at realizing the mission and goals of the company (Markiewicz, 2011). Other statistics state that nine out of 10 organizational strategies fail to be successfully implemented (Speculand, 2009).

According to Speculand (2014), there are five key recommendations which have been provided for the leaders when it comes to successful strategy implementation. First, both crafting and implementation strategy must be given importance. Second, there needs to be commitment to review and frequently share the status of the implementation process with employees. Third, the strategy must be reviewed to align with the changing business environment. Fourth, the provision of an enabling environment and culture that support the strategy implementation; and last, monitoring and follow-up on each milestone in the strategy formulated (Speculand, 2014). When new opportunities and threats arise, Organizations comes up with strategies to address the arising issues. Moreover, Radomskaa (2014) explained that restraining creativity may have a negative effect on the successful implementation of a strategy.
Without undertaking strategic moves, organizations may not be able to overcome the overwhelming challenges experienced as well as retaining their competitiveness (Daft, 2010). These challenges include intense competition in the business environment due to turbulence, changing customer needs, and an increasingly technology-driven workplace (Daft, 2010). The implementation of strategic change by an organization, therefore, should focus simultaneously on the hardware, downsizing, economic incentives, restructuring, layoffs, and maximizing of shareholder value. In addition, the organization should focus on the software to build the corporate culture, employee attitudes, capabilities, and commitment (Beer & Nohria, 2000).

In the Kenya’s GDP, agriculture accounts for 24 percent. Moreover, about seventy five percent of Kenyan population depends on agriculture sector (Ministry of Agriculture, 2012). Besides tourist, the horticulture sub-sector is considered as a major employer and foreign exchange earner. The sector covers various products such as fruits, vegetables and flowers among others. In the Kenyan economy, horticultural crops have been grown for both local and international markets. In the European market, Kenya supplies the largest quantity of cut flowers. Other markets which have been included of late include the Japan, Korea, Middle East and South East Asia (Hortfresh journal, 2013).

In Africa, Kenya is commonly known for exporting fresh flowers. It accounts for forty percent of all horticultural exports. Flowers form a major part and account for about half of Kenya’s fresh horticultural exports, with the foreign exchange of the year 2012 standing at Ksh. 43 billion according to Kenya flower Council (KFC). Cut flower industry in kenya provide direct employment to about 50,000 Kenyans with a further 70,000 employed in related industries (Kenya Flower Council, 2012). As all other organizations operating in a competitive environment, the flower firms have embraced strategic management and therefore have strategic plans in place. Implementation of these strategies is expected to be influenced by a myriad of factors both internally and externally to these firms.

The players in this industry are largely multinational firms and a Few local firms that engage in breeding, production and export of pot plants, cuttings and cut flowers mainly to the European market. The main flower growing areas in Kenya are regions around Lake Naivasha, Nyahururu, Nakuru, Mt. Elgon, Kitale, Eldoret, Kericho, Limuru, Kiambu, Athi River, Thika, and Mt. Kenya region (Kenya Flower Council, 2012). The aim of every firm is to achieve and to sustain a competitive advantage, therefore to survive in the competitive industry, the participants have to adopt strategic management to aid them succeed in the competitive environment in which they operate. These firms however encounter challenges that derail the achievement of set goals, some of which include government policy on licensing, labor unrest when issues of salary hikes and workers’ welfare are to be addressed, economic setbacks especially when the shilling strengthens against the dollar and environmental issues as regards to Chemical waste disposal and over consumption of lake water which may eventually affect aquatic life.
STATEMENT OF THE PROBLEM

There are a number of factors that have an influence on the successful implementation of a strategy. These factors as pointed out by Sorooshian, Norzima, Yusuf and Rosnah (2010) include the nature of strategy itself, allocation of resources, organization structure, culture and management. Coming up with strategies that are consistent is a challenging role to any management team. Moreover, effective strategy implementation is even more a challenging task (Hrebiniak, 2006). For an organization to be able to implement a strategy, it needs to ensure that structure, resources and actions have been tied appropriately based on the strategy. In addition, Hauc and Kovac (2000) explain that the success or failure of an organization is fundamentally influenced by its capability to implement a strategy quickly and effectively. In the case of Winchester Farm Ltd, a five year company strategy implementation was initiated back in 2016. Before then, the performance of the company and that of the industry in general was in a good state. However, the company at that time lacked a written/formal strategy in place under implementation. From 2017, the period within which the company was implementing it's company's strategy, the performance of the company started declining and this raised a lot of concerns hence leading to an interest of this study to establish the influence that strategy implementation had on the performance of the company. From a literal point of view, a number of studies have been carried out on strategy implementation in various organizations, industries and sectors. Obonyo (2012), for instance, studied challenges of strategy implementation at the National Cereals and Produce Board, Kenya whereas Onyango (2012) examined the implementation of the strategic plan of 2010 to 2014 in the Kenya Sugar Industry. Ndegwah (2014) examined the implementation of strategies in the Kenyan schools which were categorized as public. The above studies laid emphasis on the challenges of strategy implementation. There was very little knowledge on studies which focus on strategy implementation and performance (Heracleous, 2000; Hrebiniak, 2005) without emphasizing on the challenges in the floriculture industry. Therefore, there existed a gap in knowledge and the study aimed at bridging the gap by studying the influence of strategy implementation on performance of floriculture industry in Kenya and with a specific reference to Winchester Farm Ltd.

GENERAL OBJECTIVE

This study examined how the performance of floriculture organizations in Kenya is influenced by the implementation of strategies.

SPECIFIC OBJECTIVES

1. To investigate the influence of organization structure on performance of Winchester Farm Ltd.
2. To determine how the policies influence performance of Winchester Farm Ltd.
3. To establish the influence of allocation of resources on performance of Winchester Farm Ltd.
4. To find out how strategy evaluation influences performance of Winchester Farm Ltd.

THEORETICAL FRAMEWORK

This study was grounded on the Upper Echelon Theory. This theory was first introduced by Donald C. Hambrick and P. Mason in 1984. According to the theory, there are different levels of employees in the organizational hierarchy. The different levels are based on the positions (Carpenter, Pollock, & Leary, 2004). As such, the organization of the management positions is considered to have an influence on the flow of information as well as informing strategy implementation in the organization (Hambrick & Mason, 1984).

It needs to be observed that in an organization, the top level managers participate in the formulation of strategies. However, it needs to be noted that the other staff members who are involved in the strategy have an important role and hence their understanding of the formulated strategies is very important (Opong, 2014). The theory found its relevance to the study in terms of explaining how the structure of an organization affects the implementation of a strategy. It highlights the roles of each member in the organization when it comes to strategy implementation. A structure which is considered rigid negatively affects strategy implementation. The theory provided an understanding to the target population that was involved in this study to provide information on the implementation of strategy and performance of floriculture industry.

KNOWLEDGE GAP

There were indeed a number of studies (Chelimo, 2017; Chepkwony, 2016; Abdalla, 2015; Mbaka and Mugambi, 2014; Ndegwah, 2014) done in relations to strategy implementation and organization performance. However, these studies had their own limitations such as geographical and independent and dependent variables coverage. This study filled the gaps by examining strategy implementation and performance of floriculture industry in Kenya and with reference to Winchester Farm Ltd.

RESEARCH METHODOLOGY

Research Design

According to Kothari (2014), a research design is a blueprint that is utilized for collecting, measuring and analyzing data. This study aimed to examine the influence of strategy implementation on performance of floriculture organizations. To achieve this, a descriptive research design was applied. Flick (2015) explains that descriptive research designs provide best
results for studies which are focusing on the causes and effect relationships. Hence, this research design is considered the most applicable for this study.

**Target Population**

Frankel and Wallen (2000) define target population as a large group in from which a researcher would conduct research on to obtain findings and provides a solid foundation and first step building population validity of the study. The target population of this study comprised of one hundred and eighty employees and twenty six managers at Winchester Farm Ltd. In total, 216 respondents were targeted.

**Sample Size and Sampling Procedure**

Sample can be defined as a representable population obtained from a larger population (Mugenda & Mugenda, 2009). In this study, the sample size of the employees was made of 30% of the target population. This is according to Gall, Borg and Gall (2003) who indicated that 30% and above of the total population is a representable number for a sample size. On the other hand, the managers were picked all of them and hence it comprised of a 100%. Therefore the sample size for the study was 54 employees and 26 managers. The total sample size was eighty respondents (n=80).

**Description of Research Instruments**

For the data collection purpose, both questionnaire and interview guide was used in the study. The questionnaires were used because they were easy to distribute and the questions provided were understandable. The structure of the questionnaire comprised on the questions which captured the background information and the research objectives. On the other hand, the interview guide enabled the researcher to collect in-depth qualitative data from the management of Winchester Farm Ltd. This was used in order to gain a better understanding and a more insightful interpretation of the results from the study. The interview guide was structured according to the research questions and it was open ended.

**Data Collection**

The researcher obtained authorization letter from the university to collect data. Once the letter was provided, the researcher proceeded to Winchester Farm Ltd to collect the data from the respondents. The respondents were randomly selected. Once in the organization, the researcher obtained permission from the company management to collect the information. Respondents were then informed on the purpose of the study. Once these had been completed, the researcher issued the questionnaires to the available respondents. The researcher followed up on them and ensured that the questionnaires were filled appropriately and collected. The researcher also issued out the self-administered interview guides to the management.
Data Analysis

Data collected was analyzed using both quantitative and qualitative approaches. Quantitative approach involved both descriptive and inferential analysis. Descriptive analysis such as frequencies and percentages were used to present quantitative data in form of tables and graphs based on the major research questions. Data from questionnaire was coded and logged in the computer using Statistical Package for Social Science (SPSS 21). On the other hand, the inferential analysis helped in testing the relationship between strategy implementation and performance of Winchester Farm Ltd. On the other hand, the qualitative data obtained from the interview guide was analyzed using content analysis approach. The information from the guide was coded into themes and integrated narratively within the quantitative data.

RESEARCH FINDINGS

Some inferential statistics were carried out to test the relationship between strategy implementation and performance of Winchester Farm Ltd. Regression analysis was used which incorporated a model summary, analysis of variance and correlations coefficient tables.

Table 1: 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>.696&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.653</td>
<td>.625</td>
<td>3.90548</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Strategy Evaluation, allocation of Resources, Organization Structure, Policies

As shown by Table 1, R Square is 0.653 and R is 0.696 at 0.05 significance level. As such, the coefficient of determination indicates that 69.6% of variation of organization performance is explained by strategy evaluation, allocation of resources, organization structure and organization policies. The implication is that, there exists a positive significant relationship between strategy implementation and organization performance of Winchester Farm Ltd.

Table 2: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.421</td>
<td>4</td>
<td>.605</td>
<td>.179</td>
<td>.030&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>1</td>
<td>135.224</td>
<td>40</td>
<td>3.381</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>137.644</td>
<td>44</td>
<td>3.381</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: Organizational Performance
<sup>b</sup> Predictors: (Constant), Strategy Evaluation, allocation of Resources, Organization Structure, Policies

The results presented in Table 2 on the ANOVA, indicate that the model was statistically significant in explaining the influence of the independent variables on the organizational performance of Winchester Farm Ltd since the P<0.030 which is less than 0.05 at 5% level of
significance. Therefore, it can be concluded that strategy evaluation, allocation of resources, organization structure and organization policies influence organizational performance of Winchester Farm Ltd.

Table 3: Coefficient Results of Organizational Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients B</th>
<th>Std. Error</th>
<th>Standardized Coefficients Beta</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.727</td>
<td>1.661</td>
<td>2.244</td>
<td>.030</td>
<td></td>
</tr>
<tr>
<td>Organization Structure</td>
<td>.124</td>
<td>.165</td>
<td>.162</td>
<td>.369</td>
<td>.041</td>
</tr>
<tr>
<td>Organization Policies</td>
<td>.183</td>
<td>.240</td>
<td>.100</td>
<td>.347</td>
<td>.035</td>
</tr>
<tr>
<td>Allocation of Resources</td>
<td>.114</td>
<td>.224</td>
<td>.019</td>
<td>.064</td>
<td>.000</td>
</tr>
<tr>
<td>Strategy Evaluation</td>
<td>.160</td>
<td>.213</td>
<td>.085</td>
<td>.533</td>
<td>.002</td>
</tr>
</tbody>
</table>

As shown by the Table 3, the Beta value for Organization Structure (Beta=.124), organization policies (Beta=.183), allocation of resources (Beta=.114) and strategy evaluation (Beta=.160) are positively related to the organizational performance in Winchester Farm Ltd. With regards to their statistical significance, Organization Structure (t=.369, p=.041), organization policies (t=.347, p=.035), allocation of resources (t=.064, p=.000) and strategy evaluation (t=.533, p=.022) is significant.

**DISCUSSION OF THE FINDINGS**

The study was able to show that there was a positive relationship between organizational structure and performance of Winchester Farm Ltd. This finding concurs with a previous study carried out by Mbithi (2016) who noted that organizational structure affected strategy implementation as well as performance of Kenya Bureau of Standards. Moreover, Onono (2018) also indicated that the type of organizational structure adopted in the organization affects the speed and accuracy of decision making as well as the learning, growth and culture. In the context of Winchester Farm Ltd, Functional Top-Down structure was adopted as well as Divisional Structure. Mabey et al. (2001) observed that when the structure of an organization is matched with the changes in environment it is able to perform better.

The study established that organizational policies (Beta=.183) had a positive association with performance of Winchester Farm Ltd. This is in line with Chaurasiya (2017) who indicated that organization policies support strategy implementation by promoting uniform handling of similar activities, coordinating tasks, reducing frictions, enhancing decision making, reducing uncertainty in day-to-day activities and establishing consistency in managerial actions among many others. In addition, Karungani and Ochiri (2017) have established that organizational performance can be improved by the availability of policy and regulatory framework.
The study established a beta of .144 on allocation of resources. This implied that allocation of resources had a positive influence on the performance of Winchester Farm Ltd. This finding concurs with Ganley (2010) who indicated that resources make organizations to run, and allocating these resources to an organization should be done carefully. Moreover, Murithi (2009) argued that resources are needed for the successful implementation of strategic plan and strategies.

In supporting this finding of this study that strategy evaluation positively influences performance, Stewart, Mohamed and Daet (2012) explained that managers set milestones through evaluation. As such, the milestones are used by the managers to assess progress towards achievement of the goals. In addition, Abdalla (2015) established that strategy evaluation facilitates organizational direction setting as it ensures compliance to organizational vision, streamline operations to specific objectives, targets correcting strategic directions and establishes common tactics and purpose.

CONCLUSIONS

As presented in the analysis and summary of the findings, the following conclusions were made. Organizational structure has a significant influence on the performance of an organization. This is because it facilitates a smooth flow of operations as well as communication structures which provide a better of interaction among the employees and management at Winchester during strategy implementation.

The policies and programs also provided a guideline and a structure to be followed by the staff members in implementing strategies. Moreover, the available policies provide safety for the staff members in carrying out their daily duties within the organization and this provides a safe working environment. Besides the operational policies, bonus and reward systems have also been put in place to encourage and motivate the employees and this improves performance.

Budgeting and allocation of resource in strategy implementation was also found to have a significant effect on the performance. This was due to the fact that it aided in controlling the misuse of funds and resources in the achievement of organizational goals and objectives. Moreover, the resources were allocated strategically to places that could generate more revenue hence increasing the sales volume and revenue.

Strategy evaluation was also established as to have a positive influence on the performance of Winchester Farm Ltd. Through the evaluation, the management was able to know which place needed more reinforcement and hence more resources were allocated in those areas so as to improve performance. Moreover, the feedback from the evaluation was utilized in monitoring the overall progress.
RECOMMENDATIONS

The study recommends that there is need for more emphasis to be placed towards motivating the employees. The policies should not only focus on remunerations and bonuses but should also capture training and education provision since most of the staff have only reached secondary level of education. This may improve their engagement in strategy implementation as well as performance.

Another recommendation is for benchmarking. The organization may hold seminars with other organizations which have been successful in implementing similar strategies. This is to enable them to learn about the factors that contributed to the success and thus be in a position to be successful through the implementation of such strategies within the organization.

Improving on the communication systems will also promote the overall strategy implementation and organizational performance. The management should encourage an open system of interaction with the employees as well as sharing of information which is considered critical to strategy implementation. Moreover, the staff could also be involved in the decision making process so as to facilitate easy implementation of strategies for improved performance.

There is also need for a frequent evaluation of the strategies being implemented in the organization. Through the evaluations reports may be shared with the staff so that they can be aware of the progress being made as well as the areas which need more manpower and reinforcement so as to increase efficiency in operations and generate more revenue.

There is also need for awareness programs within the organization for the staff members. The staff needs to be made aware of the current technologies and techniques relevant to the business operations. Moreover, they should be made aware of the strategies being implemented in the organization.

REFERENCES


