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Analysis of Factors Influencing Implementation of Competitive Strategies among Electronic Retail Firms in Nairobi CBD, Nairobi County, Kenya

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Abstract:

This study sought to analyze factors influencing implementation of competitive strategies among electronic retail firms in Nairobi County. The study used descriptive research design. Records from the Ministry of Industrialization and Enterprise Development shows that there 3445 registered electronic retail enterprises that informed the target population of the study. From the target population of 3445 the researcher used stratified random sampling to get a sample size of 346. Primary data was gathered via a questionnaire. Statistical Package for Social Sciences (Version 26) was used to examine quantitative data. Descriptive statistics of frequency, percentage were calculated. The results from the regression showed that organization culture had the highest effect on implementation of competitive strategies with a coefficient of 0.133, followed by resource allocation, organization environment with a coefficient of 0.347, strategic communication with a coefficient of 0.150, organization environment with a coefficient of 0.167 and resource allocation with a coefficient of 0.296. The study recommends that an organization need to ensure that when implementing competitive strategies, they need to consider all the variables of the study as they had influences on the execution of competitive strategies.

Keywords: Managerial competency, organization culture, strategic communication, organization environment, resource allocation

1. Introduction

Implementation of competitive strategies refers to the determination of the overall performance of the business. The implementation of strategies depends on a number of factors that includes management style used, finances, organization structure and the staff competence (Thompson and Strickland (2011). Thompson and Strickland (2011) further explain that business sets the strategies that will accomplish the objectives. The management scans the environment to be proactive in strategy implementation. The management inspires the employees to apply their skills during strategy implementation. In the strategic management stages the implementation of strategies is where the organization is able to put all the strategies into actions. In Zimbabwe, resource allocation is critical to the success of competitive tactics (Mapetere, Marviki, and Nyamwanza, 2012).

Small and Medium Enterprises statistics conducted in 2015 shows that within twelve months those that were started will have closed down. It is said that 60% of the retail enterprises will have closed down in Kenya. Uganda, Tanzania and Ethiopia have confirmed that there is a high number of retail enterprises that are formed to have closed down in the first two years of operation (Kenya National Bureau of Statistics, 2015). In United States of America, the retail sectors play fifty percent to seventy percent of job creation (Hill, 2009). In Europe countries such as German, Britain and Spain the retail industry have contributed to 65 % of the economic growth. According to study conducted by Rowe (2008) the backbone of Russia economy comprises of retail enterprises. 75% of the employment is attributed by the retail enterprises in Russia. Kiiru, (2008) in his research notes that the retail enterprises accounts to more that sixty percent of the Nigerian gross national product. The government of Nigerian have come up with favourable policies that encourage more people to set up their enterprises.

1.1. Statement of the Problem

Hrebiniak (2006) states that the managers formulate strategies in the organization and are not involved in the implementation process creating a gap that will result to the failure of the strategies. In the strategic management process, the most difficult part comes when implementing the strategies since it takes a lot of time. Lack of strategic implementation will lead to failure of most business. Studies conducted shows that there are only 20% of the strategy formulated that were implemented resulting to a great concern. 60% of the companies end up implementing the wrong things due to lack of skills in the organization.

There are several studies conducted in Kenya on competitive strategies. For instance, Warucu (2001) identified lack of proper training affected strategy implementation. Kiptugen (2003) conducted a research in the banking sector on competitive strategies. Wanjiku & Ombui, (2013) did a research in schools on challenges affecting strategy implementation. Salum, (2018) did a study in Tanzania on strategy execution. Mwanje, (2016) in the sugar industries in Kenya on strategy implementation. Whereas the studies conducted were in organizations with little studies conducted on implementation of competitive strategies in the SMEs sector. More studies on factors influencing implementation of strategies in the SMEs needs to be conducted and the consideration of other aspects such as skills, culture and communication and hence, the goal of this study was to fill the gap through analyzing the factors that affect the implementation of competitive strategies in retail firms in Nairobi CBD.

1.2. Research Hypothesis

H01: There is no statistically significance influence of managerial competence on implementation of competitive strategies in the electronic enterprises in Nairobi CBD

H02: There is no statistically significance influence on organization culture on implementation of competitive strategies in the electronic enterprises in Nairobi CBD

H03: There is no statistically significance influence on strategic communication on implementation of competitive strategies in the electronic enterprises in Nairobi CBD

H04: There is no statistically significance influence of organization environment on implementation of competitive strategies in the electronic enterprises in Nairobi CBD

H05: There is no statistically significance influence of resource allocation on implementation of competitive strategies in the electronic enterprises in Nairobi CBD

2. Literature Review

2.1. Theoretical Review

Theory X and Theory Y is a theory is based on two important sets of hypothesis (McGregor, (1960). The theories describe two types of management styles that should be applied by managers to achieve the performance of the organization. Based on theory X and theory Y management competency plays an important role in understanding the different employees in an organization. There are two types of management competency as described by McGregor that is autocratic management style and democratic management style. The two management style is applied on the different employees that an organization ha and this shows the management competency of the organization. Employees in theory X are the new recruits in the organization and hence the manager must stamp his control to guide the employees. The employees are supposed to follow the managers' instructions without questioning and total obedience is expected. (Hofsted, 2005).

There are employees in the organizations that are responsible and they seek to perform tasks in the organization based on theory Y while theory X assumes that the employees must be pushed to perform a task in the organization. Theory y employees are driven to pursue the organization goals unlike theory X employees in the organization. Management competency should enable the application of the management style that enables the employees in the organization to achieve the goals the organization. The management styles should focus on improving the skills of the employees and this will result to the attainment of goals and improvement of performance (Hofsted, 2005).

2.2. Empirical Review

According to Kiprono, (2019) did a study on managerial competency and implementation of strategic plans in Nandi. The parameters used to measure managerial competency was leadership commitment, employee training and resource allocation. The study found out that there was a positive correlation between managerial competency and strategic plans. The study used regression analysis to show how managerial competency influences strategy implementation. The findings of the study indicated that employee training has the highest influence with a coefficient of 0.637 followed by leadership commitment with a coefficient of 0.504 and lastly was resource allocation with a coefficient of 0.340. The study also observed that managerial competency had significant influence on strategic plans.

Moti (2019) conducted a study talent and competency management strategy for public sector performance. The study was carried out in Nigeria. The parameters used for competency were knowledge for business ethics, selling skills, communication skills, group presentation skills and leadership skills. The study notes that for implementation to be successful there needs to be skilled workforce. The study concludes that managerial competency plays a significant role in the policy formulation for performance in the public sector.

Atieno (2017) researched on factors affecting effectiveness of bank credit in enhancing the performance of small and medium enterprise in Kenya. The parameters used to for managerial competency were adequate skills, marketing skills, capital budgeting skills and financial skills. The study used a regression model to establish which variable had the

highest effect on effectiveness of bank credit. The results showed that managerial competency had a coefficient of 0.187. the study concludes that managerial competency has a positive influence on the effectiveness of bank credit.

A study was conducted on influence of organization culture on strategic implementation. The study was done at the University of Nairobi. The study used secondary data as a method for collecting data. The used the strategic plan, service charter, ISO documents and annual financial reports to conduct its study. Various methods were deemed important in organization culture this included change management, staff training and adoption of technology. The findings showed that organization culture influences the implementation of strategic plans at the University of Nairobi. The study recommends that all employees should be involved the implementation of strategic plans (Akinyi, 2016).

Faizal, Ozemoyah, & Shakizah , (2016) did a study on the influence of organization culture on strategic implementation. The study used bureucractic, supportive, innovative on strategic implementation. The study used pearsons correlation to test the strength of the variables. The study results showed that innovative culture had a strong correlation on strategic implementation with 0.628. This was followed by supportive culture with a correlation of 0.369 and finally bureucratic culture had the lowest correlation of 0.361. The study concluded that organization culture had a positive influence on strategic implementation.

Faizal, Ozemoyah, & Shakizah , (2016) conducted a study on the effect of organization culture on performance of UAE organizations. The study used interviews on experts of different countries. The parameters used to measure the organization culture were goal acheivement, employee commitment culture, adaptive orientation culture and reward orientation culture. The number of respondents were 131 from the organizations. The findings of the study indicated that there was a positive correlation between organization culture and performance. the study notes that the implementation process differed from companies to companies and this affected the performance of the organizations.

Chepkosgei, Mwangi, & Kinyua , (2020) researched on effects of strategic communication on performance of states corporation. The variables of the study were channels of communication, communication technologies and feedback. The study results from the model summary indicated that 55% of organization performance is attributed by strategic communication. The study also used regression model which the findings indicated that one unit increase in strategic communication results in 0.793 units in crease in the performance of states corporations. The study concluded that strategic communication affects performance. the study recommends that strategic communication should be strengthened in terms of flow of information to enhance the performance of the state corporations.

According to a study Kibe, (2014) on effects of communication strategies on performance. The study used open door policy, group effort, organization structure and channels of communications. The study target population was 200 employees at Kenya Ports Authority. The findings of the study indicated that there is a positive relations between communication strategies and performance. The study notes that barrires to communication should be minimized for effective performance in the organization. The study concludes that communication strategies influences organization performance. The study recommends that organizations should promote cohensiveness through communication which improves the organizations performance.

2.3. Conceptual Framework

The study's conceptual framework is shown in Figure 1. Managerial competency, organizational culture, strategic communication, organizational environment, and resource allocation are the study's five independent factors, while execution of competitive strategies in electronic companies is the study's dependent variable. To answer the research questions, the study used a conceptualization framework.

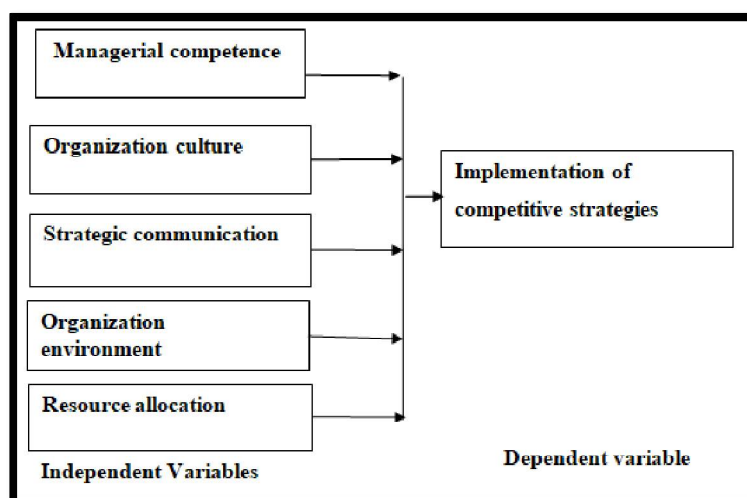


Figure 1: Conceptual Framework

3. Methodology

The study was conducted using a descriptive research design. According to Best and Kahn (2003), descriptive research design is recommended because it addresses the problem of the researcher being unable to modify the variables

when delivering the report. When gathering data that involves respondent's attitudes, respondent's opinions descriptive research design is suited for the study (Cooper and Schindler, 2008).

The total set of components with comparable observable characteristics is referred to as the target population (Mugenda and Mugenda, 2003). The demographic should be targeted of registered electronic retailers in Nairobi by Ministry of Industrialization and Enterprise Development is 3455. The data shows that there 1822 electronic retail shops that are formed as sole proprietorship, 956 electronic retail shops that are partnership and 677 electronic retail shops that are joint venture. This study focused on all the electronic shops that is 3455.

4. Findings and Discussions

This section includes the relationship between implementation strategies and independent variables (managerial competency, organization culture, strategic communication, organization environment and resource allocation).

4.1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.800 ^a	.639	.633	.245

Table 1: Model Summary
Source: Researcher (2021)

The results indicate that 63.3% of variance on implementation of competitive strategies. This shows that the five variables of the study can be used to predict the implementation of competitive strategies. This indicates that 63.3% of implementation of competitive strategies is explained by five factors namely managerial competency, organization culture, strategic communication, organization environment and resource allocation. The 36.7% of implementation of competitive strategies can be explained by other factors that were not part of the study. The results concur with Akinyi, (2016) study noted that implementation of the strategies are affected by staff competency and resources.

4.2. Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.975	5	5.595	93.251	.000 ^b
	Residual	15.780	263	.060		
	Total	43.755	268			
a. Dependent Variable: Implementation of competitive strategies						
b. Predictors: (Constant), Resource allocation, Organization environment, Strategic communication, Managerial competency, Organization culture						

Table 2: Analysis of Variance

The significance value is .000 which is less than 0.05 thus the model is statistically significant in predicting independent variables (managerial competency, organization culture, strategic communication, organization environment and resource allocation) this shows that the overall model was significant. The results show that the model was significant at F=93.251, p value= 0.000

4.3. Regression Analysis

The table 3 below shows the strength of the model and the coefficients of managerial competency, organization culture, strategic communication, organization environment and resource allocation.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.720	.263		2.740	.007
	Managerial competency	.133	.049	.161	2.732	.007
	Organization culture	.347	.064	.430	5.401	.000
	Strategic communication	.150	.030	.220	4.988	.000
	Organization environment	.167	.060	.205	2.785	.006
	Resource allocation	.296	.049	.352	6.021	.000
a. Dependent Variable: Implementation of competitive strategies						

Table 3: Coefficients of Determination

The regression model was

$$Y = 0.720 + 0.133X_1 + 0.347X_2 + 0.150X_3 + 0.167X_4 + 0.296X_5$$

Where: Y: Implementation of competitive strategies

X₁: Managerial competency

X₂: Organization culture
 X₃: Strategic communication
 X₄: Organization environment
 X₅: Resource allocation

Hypothesis	Regression Results	Decision
H ₀₁ : There is no statistically significance influence of managerial competence and implementation of competitive strategies	$\beta_1 = .133$ $p < 0.007$	Reject
H ₀₂ : There is no statistically significance influence of organization culture and implementation of competitive strategies	$\beta_2 = .347$ $p < 0.000$	Reject
H ₀₃ : There is no statistically significance influence of strategic communication and implementation of competitive strategies	$\beta_3 = .150$ $p < 0.000$	Reject
H ₀₄ : There is no statistically significance influence of organization environment and implementation of competitive strategies	$\beta_4 = .167$ $p < 0.006$	Reject
H ₀₅ : There is no statistically significance influence of resource allocation and implementation of competitive strategies	$B_5 = .296$ $p < 0.000$	Reject

Table 4: Hypothesis Testing

The findings on the regression model shows that holding all factors (managerial competency, organization culture, strategic communication, organization environment and resource allocation) at constant zero the implementation of competitive strategies will be 0.720. the results also shows that holding all other independent variables at zero, one unit increase in managerial competency will lead to 0.133 units increase in the implementation of competitive strategies in retail electronic enterprises; one unit increase in organization culture will lead to 0.347 unit increase in the implementation of competitive strategies in the electronic enterprises; one unit increase in strategic communication will lead to 0.150 unit increase in implementation of competitive strategies in the electronic enterprises; one unit increase in the organization environment will lead to 0.167units increase in the implementation of competitive strategies in the electronic enterprises and an increase in one unit of resource allocation will lead to 0.296 unit increase in the implementation of competitive strategies in the electronic enterprises.

4. Conclusions

The study concludes that the activities of the implementation of competitive strategies can be affected by managerial competency. The study concludes that communication skills of the manager influences the implementation of competitive strategy this is because when there is no communication within the organization this will lead to failure of implementation of competitive strategies. The study also concludes by looking at other skills that influences implementation of competitive strategy. The study revealed that organization influences implementation of competitive strategy. The study concludes that having beliefs in the enterprise influences the activities of the execution of competitive strategy. The study also concludes that the core values influences the implementation of competitive strategies. Based on the findings on established norms affects the implementation of competitive strategies, the study concludes that the norms of the business should be established as they influenced implementation of competitive strategies.

The study revealed that strategic communication influences implementation of competitive strategies. Based on the parameters used the study concludes that timely communication influences implementation of competitive strategies. The study revealed that organization environment influences implementation of competitive strategies. The study concludes that the analysis of industrial factors such bargaining power of buyers, bargaining power suppliers, new entrant, threat of substitute products and competitive rivalry influence the implementation of competitive strategies. The study revealed that resource allocation influences the implementation of competitive strategies. The study concludes that sufficient allocation resources influences implementation of competitive strategies this is because when enterprises ensures there is adequate machinery, finances and labor this will ensure that that the competitive strategies will be well be executed

5. Recommendations

From the study management competency is an important factor that influences the implementation of competitive strategies. The key parameters of management competency are technical skills, functional skills, genetic skills, social skills, leadership skills, communication skills and social skills. The study recommends that electronic enterprises managers need to ensure that they equip themselves with the right the skills to ensure successful implementation of competitive strategies in the enterprises.

Secondly, organization culture plays a significant role in the implementation of competitive strategies. The study recommends that managers in the electronic enterprises need to establish core values that will ensure that employees behavior is directed in the right direction. Also the study recommends that electronic enterprises manager to establish

norms within the business as it will set the standards expected from employees and it will ensure improvement in business performance. On the same note the study recommends that managers to embrace change in the implementation of competitive strategies as this will help the business to improve on profit and performance.

Thirdly, strategy communication is an important factor as it influences the implementation of competitive strategies. The study recommends that in the execution of competitive strategies the information should be communicated on a timely manner. There should be proper channel of communication in the implementation of competitive strategies. The information should be clear in the implementation of competitive strategies to avoid confusion of what is being implemented.

Fourth, organization environment influences the implementation of competitive strategies. The study recommends that the managers of the electronic enterprises should analyze the industrial forces to understand the factors in the industry that would influence the business and this will enable the business to adopt competitive strategies that will make them unique and improve on performance. The study recommends that the electronic enterprise to understand the macro environment and look for those factors that would have adverse effect to the business and be proactive rather than reactive and this will improve the performance of the electronic enterprises.

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