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Impact of Strategic Plan Implementation on Organizational Performance in Manufacturing Industry in Rwanda A Case Study of Bralirwa Ltd.

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Abstract:
This study aimed at determining the impact of strategic plan implementation on organizational performance in manufacturing industry in Rwanda. Specifically, three specific objectives were formulated: to examine the effect of the structure of organization on implementing a strategic plan and the outcome on organizational performance, to assess how resource allocation in implementing a strategic plan leads to organizational performance and to examine the impact of control and evaluation tools on implementing a strategic plan and its contribution to organizational performance. The study used a random sampling technique to assemble a sample of 30 people out a population of 32 which is 80% of the whole population. Data for the study were collected by use of questionnaires and analysed using descriptive and inferential statistics to establish the relationship between the dependent and independent variables. Correlation between independent and dependent variables was computed by the use of spearman's correlation coefficient statistic technique and a positive link between the variables was pointed out. The findings of this research revealed and filled the gap of previous researches in the field of strategic management and will benefit organizations in general. The structure of organization, resource allocation and control and evaluation tools with their key constructs were correlated to plan implementation and revealed a positive relationship with respective spearman's correlation coefficients of $\rho = 0.875$,$\rho = 0.254$, $\rho = 0.625$.Plan implementation was also linked to firm's performance and a strong relationship was revealed with $\rho = 0.938$. The population of this study was all Bralirwa employees at different managerial position in all the departments. Finally based on the findings, conclusions were made that the strategic plan implementation impact on organizational performance in Bralirwa and recommendations were made based on the findings as well as suggestions for further areas of research.

1. Introduction and Background to the Study

In the late 1990s after a significant amount of globalization had taken place, business analysts began to examine the success of various strategies for doing business in other countries. This examination led to the distinction between various orientations of international strategies. The main distinction was between multi-domestic (also called multi-local) international strategies and global strategies. Multi-domestic international strategies refer to those that address competition in each country or region on an individual basis, whereas global strategy refers to addressing competition in an integrated and holistic manner across country and regional boundaries (Punnett, 2004).

Wheelen and Hunger, (2004) define strategy implementation as the sum total of the activities and choices required for the execution of a strategic plan. In order to take advantage on a more open global market managers had to think of strategies and detailed actions and activities to break down the strategy in implementation throughout the organization and lead the firm to success.

According to Armstrong, (1982) companies' top managers typically develop global strategies, they rely on all levels of management in order to implement these strategies successfully. The methods companies use to accomplish the goals of these strategies take a host of forms. For example, some companies form partnerships with companies in other countries, others acquire companies in other countries, others still develop products, services, and marketing campaigns designed to appeal to customers in other countries. Some rudimentary aspects of international strategies mirror domestic strategies in that companies must determine what products or services to sell, where and how to sell them, where and how they will produce or provide them, and how they will compete with other companies in the industry in accordance with company goals.

Bryson, (1989) argues that the development of international strategies entails attention to other details that seldom, if ever, come into play in the domestic market. These other areas of concern stem from cultural, geographic, and political differences. Consequently, while a company only has to develop a strategy taking into account known governmental regulations, one language (generally), and one currency in a domestic market, it must consider and plan for different levels and kinds of governmental regulation, multiple currencies, and several languages in the global market.

Lynch, (2006) says that after the strategic goals have been established, companies should develop plans that allow them to accomplish their goals, and these plans should concentrate on how to implement strategic plans. Finally, strategy implementation involves a control framework, which is a process management uses to help ensure that a company remains on the right course when implementing its strategic plans. The control framework essentially responds to various developments while the strategic plans are being implemented. For example, if sales are lower than the projected sales that are part of the strategic goals, then a company might increase its marketing efforts and temporarily lower its prices to stimulate additional sales.

The East African community with its own common market which involves the free movement of labor, capital, goods and services within the EAC has also led companies to develop and implement strategic plans in order to expand and take advantage of the wide market. Kenyan firms are a good example of this expansion in the region. To cite one example, Kenya commercial Bank (KCB) has strategically opened branches throughout the region plans are to continue the expansion

Some of the key elements of the strategic plan of Equity bank (a Kenyan based bank) have been to allow the Rwandan branch to be managed by Rwandans in order to penetrate the market, they also had in their plan to develop new financial products linked to rural banking as well partnering with Umurenge Sacco (a Rwanda microfinance) as a banking agent to enable them become a viable financial institution. It is a strategy to expand rapidly. The bank would boost lending to Small and Medium Enterprises (SMEs) through a new approach known as agency banking, a postal outlet contracted by a financial institution to process clients' transactions.

Locally, Bank of Kigali management's key strategic plans for the 2012 have mainly been to make a return on average equity, total assets growth, gross loans by 2012 and its new branches that were opened. With the increase in the percentage since 2011, the banks key targets have been used in order to ensure it maintains profitable growth while still maintaining its' leading position in the Rwandan market.

1.1. Statement of Problem

Empirical studies in the field of strategic management have mainly focused on two main areas of research: strategy formulation and firm performance and the relationship between the content of strategy and firm performance (Glaister and Falshaw, 1999; Ansoff, 1991; Armstrong, 1982; Greenley, 1994) Strategy implementation has not been the focus of many researchers and yet the performance of a firm is a function of how effective it is in converting a plan into action and executing it (Nutt, 1999).

Noble and Mokwa, (1999) argue that strategy implementation is the critical link between formulation of strategies and superior organizational performance however they also do not go further and illustrate more on what might affect implementation. Nutt (1999) conducted a study on strategy decisions in organizations located in the USA and Canada and concluded that half of the strategy decisions failed to fulfill their initial objectives mainly because of the challenges during strategy implementation process.Using three major constructs, this study tries to fill the gap by including the third area of implementation and link it to organizational performance. The three major constructs are: Organizational structure, Resource allocation and control and evaluation tools. To what extent do these factors influence plan implementation? How does this implementation impact on organizational performance?

1.2. Conceptual Framework

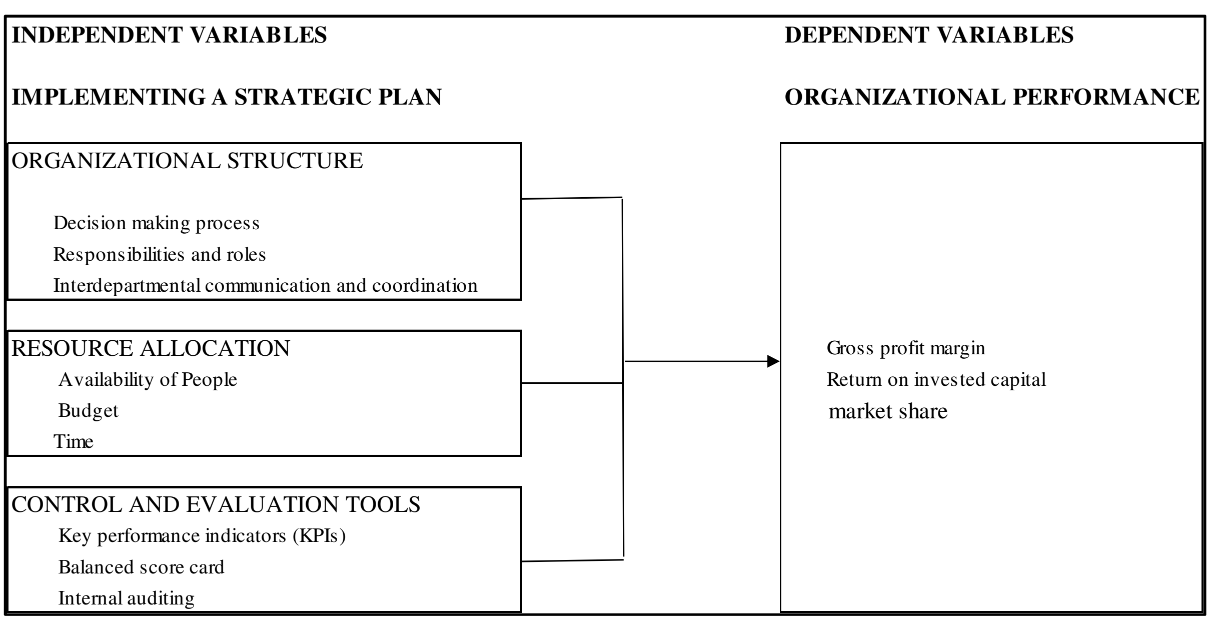

Figure 1: A conceptual model on the relationship between key elements of a strategic plan

1.3. Implementation and Organizational Performance

Organizational structure defines how activities such as decision making process, Task allocation and coordination between departments are directed towards the achievement of organizational objectives. Resource allocation determines how available resources within the organization such as people, Money and time are distributed, control and evaluation tools are designed to measure achievement of targets.In this study gross profit margin, return on invested capital and market share were used to measure organizational performance.

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of this study is to examine the impact of strategic plan implementation on organizational performance in manufacturing industry in Rwanda.

1.4.2. Specific Objectives

1 To examine the effect of the structure of Bralirwa on implementing a strategic plan and the outcome on organizational performance
2 To assess how resource allocation in implementing a strategic plan leads to organizational performance
3 To examine the impact of control and evaluation tools on implementing a strategic plan and its contribution to organizational performance

2. Research Methodology

This part presents the research methods that were employed in this study. Such include information gathering and data presentation. The research design, sampling procedure, data collection methods, data analysis procedures are also highlighted.

2.1. Study Design

This was a descriptive study which aimed at finding out whether strategic planning implementation played any role in target achievement at different levels of operations as well as overall objectives in manufacturing companies in Rwanda.

2.2. Population

The research population is the body of people, organizations, or any other collection of items under consideration for a research purpose Hussey and Hussey, (1997). The population of this study was all Bralirwa employees at different managerial position in all the departments. Strategic planning implementation is executed and monitored by heads of departments. The total managers under consideration in this study was 32 people

2.3. Sampling Technique

In this study the researcher used the random sampling technique which is commonly used in the Hypothesis- testing type of research. We believe it helped to select a representative sample which has resulted in a non-biased collection of Data.

2.4. Sample Size

Using Yamane, (1967) formula $n= N/ (1+N (e)^2$the sample size was thirty people randomly picked from the population.

2.5. Instruments

Data were collected using both close ended and open ended questions in a questionnaire that was circulated among respondents, we also conducted interviews as well as analyzed content of financial statements.

2.6. Data Analysis

In this research descriptive statistics such as measures of dispersion more specifically the range were used to describe the collected data and organize them based on a 4 point Likert scale technique in order to group data by category and simplify analysis. The four scale used was represented by1 strongly agree, 2 Agree, 3 Disagree and 4 strongly disagree.

The study also used techniques such as Spearman’s correlation coefficient to measure the correlation between independent and dependent variables. The structure of the organization, Resource allocation and control and evaluation tools were correlated to the strategic plan implementation by the use of spearman’s rank correlation coefficient in order to exam whether any relationship exist between them.

Finally, the implemented strategic plan was correlated to the growth profit margin, the return on invested capital and market share as dependent variables that measure the performance of the organization. Graphs, tables, ratios and charts were also used to measure the growth and other variables involved in performance in order to answer the questions raised in the research.

3. Data Analysis and Interpretation

3.1. Demographic Information
This section provides the respondents information such as managerial job group, the department where the respondent belongs as well as the number of years the respondent has been working for the organization. A total of 30 questionnaires were distributed and were returned back to the researcher in full and all questions responded to.

3.2. Respondents Job Groups

Group	Frequency	percentage
H25	10	33.0
H20	15	50.0
H15	5	17.0
Total	**30**	**100.0**

Table 1: Respondents job group

As mentioned earlier, in Bralirwa managers, are ranked according to the Heineken employee ranking system known as “H” ranking. All employees from H15 to 35 are managers at different levels and own the implementation of the strategic plan.

Table 1 above shows the job group of the respondents in Bralirwa ltd. 33% of respondents are in job class H25 which is MT-1(they report directly to Directors), 50% belong to job group H20 and 17% in group job H15. This shows that majority of respondents are in job group H20 and H25 which are the highest managerial level after the MT (Management team)

3.3. Respondents Departments

Function	Frequency	Percentage
Finance	6	20.0
Marketing	7	23.0
Human Resource	1	4.0
Sales	7	23.0
Supply Chain (Logistics & Production)	9	30.0
Total	**30**	**100.0**

Table 2: Respondents’ Department

Table 2 above shows the departments of the respondents in Bralirwa ltd. 20% of respondents are in Finance, 23% belong to Marketing, 4% to corporate and social responsibilities, 23% to sales and 30% to supply chain which is composed of logistics and production. All organization’s department were involved in the study.

3.4. Number of Years of Employees in Service

Duration	Frequency	Percentage
Less Than 5	6	20.0
5 - 10 Yrs	10	33.0
10 - 15 Yrs	8	27.0
15 - 20 Yrs	4	13.0
20 And Above	2	7.0
Total	**30**	**100.0**

Table 3: Employees’ duration in service

Table 3 above illustrates the duration in service the respondents have spent in the organization from the table 20% had spent less than 5 years in the institution, 33% had served for the period between 5 and 10 years, 27% had a duration between 10 and 15 years, those with a duration between 15 and 20 years are 13%, 7% of respondents had served for the period of 20 years and above. This shows that these managers are well acquainted with the implementation of the plan since many of them have been around for a long time.

3.5. The Findings

The findings of this study were gathered using a 4 point Likert scale presented in the questionnaire as follows:

Scale point	Value(score)
Strongly agree	1
Agree	2
Disagree	3
Strongly disagree	4

Table 4: respondents' level of agreement

3.6. Effect of Organization Structure on Implementation of the Strategic Plan and

3.6.1. Organization's Performance

	Strongly agree	Agree	Disagree	Strongly disagre	
Decision making process in our organization facilitate implementation of the strategic plan and lead to organizational performance	8	17	5	0	30
	26.7%	56.7%	16.7%	0.0%	
Employees' objectives are drawn from the strategic plan and contribute to the implementation of the plan which result in firm's performane	17	10	3	0	30
	56.7%	33.3%	10.0%	0.0%	
Responsibilities are well assigned and contribute to implement the strategic plan and lead to organizational performance	25	5	0	0	30
	83.3%	16.7%	0.0%	0.0%	
Information sharing in our organization is easy and facilitate the implementation of the plan which lead to organizational performance	5	12	9	4	30
	16.7%	40.0%	30.0%	13.3%	
Activities between functions are well coordinated, facilitate plan implementation and lead ro organizational performance	9	16	5	0	30
	30.0%	53.3%	16.7%	0.0%	
In general the structure of our organization facilitate the implementation of the strategic plan	17	13	0	0	30
	56.7%	43.3%	0.0%	0.0%	
The implemented strategic plan contribute to the growth of organizational profit margin	20	10	0	0	30
	66.7%	33.3%	0.0%	0.0%	
The implemented strategic plan contribute to the growth of the return on invested capital	14	11	3	2	30
	46.7%	36.7%	10.0%	6.7%	
The implemented strategic plan contribute to the extention of the company's market share	10	13	4	3	30
	33.3%	43.3%	13.3%	10.0%	

Table 5: Respondents' views on the effect of organizational structure on the implementation of the strategic plan and organizational performance

The results in Table 5indicate that 83.3% confirmed decision making in the company facilitates implementation of the strategic plan and 16.7% disagreed with the statement explaining that delayed decision hinder the implementation of the plan.

83.3% confirmed that decision making in the company facilitates implementation of the strategic plan and 16.7% disagreed with the statement explaining that delayed decision hinder the implementation of the plan.

90% of respondents agree that employees' objectives and targets in the organization are drawn from the strategic plan and contribute to the implementation of the strategic plan where 56.7% strongly agree, 33.3% agree and only 10% disagree this shows that employees objectives and targets are inspired from the strategic plan.

When asked to confirm whether responsibilities are well assigned and contribute to implement the strategic plan and lead to organizational performance all respondents agreed with the statement, it means 100% of the respondents confirm that their individual objectives contribute to the implementation of the strategic plan and lead to organizational performance, this is normal since objectives are drawn from the strategic plan.

For the question regarding information sharing in the organization and whether it is easy to get and facilitate the implementation of the plan which lead to organizational performance, 57% agreed and 43% of respondents disagreed with the statement saying that it is information is not easily and quickly share within the organization but still majority approve the communication channel.

83.3% of respondents confirmed that activities between functions are well coordinated and facilitate organizational performance only 16.7% disagree with the statement. All respondents agree that in general the structure of the organization facilitate the implementation of the strategic plan.
When the researcher inquired whether the implemented strategic plan contribute to the growth of organizational profit margin, 100% of the respondents agreed with the statement, 83.3% of the respondents agreed that the implemented strategic plan contribute to the growth of the return on invested capital and only 16.7% disagreed.
Finally, 76.7% agreed with the fact that the implemented strategic plan contribute to the extension of the company's market share and 23.3% denied.
Organization's profit margin, return on invested capital and market share growth are the three factors the researcher used to measure organization's performance in this study.
The statistical spearman's rank correlation coefficient indicates a strong direct relation between the organizational structure and plan implementation because responsibilities are clear, coordination is properly done and appropriate decisions taken on time. $\rho = 0.875$

$$\rho = 1 - \frac{6\sum d_i^2}{n(n^2-1)}$$

Structure and implementation	Respondents answers (Xi)	Agreed (Yi)	Xi Rank	Yi Rank	di	di^2
Answers on structure and Responsibilities	60	60	2.5	3	-0.5	0.25
Answers on structure and interdepartmental coordination	60	27	2.5	1	1.5	2.3
Answers on structure and decision making process	30	30	1	2	-1	1
						3.5

Table 6: Correlation between organization structure and plan implementation

$$\rho = \frac{6X3.5}{3(3^2-1)} = 0.875$$

3.7. Impact of Resource Allocation on Implementation of the Strategic Plan and Organization's Performance

	Strongly agree	Agree	Disagree	Strongly disagree	
As the head of department in charge of implementing the strategic plan I have a budget to help in the implementation	11	19	0	0	30
	36.7%	63.3%	0.0%	0.0%	
The budget is sufficient and covers all necessary tasks during implementation	0	10	12	8	30
	0.0%	33.3%	40.0%	26.7%	
The budget allocated to my departement contribute to the growth of the profit margin, return on investment and markert share	14	13	3	0	30
	46.7%	43.3%	10.0%	0.0%	
I work on deadlines during the implementation of the plan	20	10			30
	66.7%	33.3%	0.0%	0.0%	
The deadline (time) set for plan implementation is realistic and sufficient to attain organizational performane	0	10	15	5	30
	0.0%	33.3%	50.0%	16.7%	
There is growth of gross profit margin, return on investment and market share when activity dealines are met	10	17	3	0	30
	33.3%	56.7%	10.0%	0.0%	
I have enough personnel in my department who help to fulfill departmental objectives during plan implementation process	0	8	13	9	30
	0.0%	26.7%	43.3%	30.0%	
Employees in our department are skilled enough to contribute to the growth of gross profit, market share and return on investement	10	9	8	3	30
	33.3%	30.0%	26.7%	10.0%	
In general the resources allocated to our departement contribute to a successful implementation of the plan and lead to the company's performance	14	12	4	0	30
	46.7%	40.0%	13.3%	0.0%	

Table 7:Respondents' views on the impact of resource allocation on the implementation of the strategic plan and organization's performance

The results in Table 7 show respondent's views on impact of resource allocation on implementation of the strategic plan and organization's performance. 100% of respondents agree they have a budget to implement the strategic plan. Even though the budget is allocated, majority say it is not enough considering the tasks assigned to them 66.7% confirmed insufficiency of the budget.90% of respondents agree that the allocated budget contribute to the growth of the gross margin, return on investment and market share while 10% disagree. All respondents agreed they work on deadline during implementation process and majority disagreed with the timeframe set to perform their tasks. 90% of respondents say when deadlines are met it leads to the growth of the gross margin, return on investment and market share. 73.6% say no sufficient employees available in their respective departments to contribute in the fulfilment of departmental objectives, only 26.4% confirmed the statement. Concerning the skills of employees 63.3% of respondents said people in their departments possess enough skills to contribute to the growth of the gross margin, the return on investment and market share and 36.7% disagreed with the statement. 86.7% of respondents confirmed that in general resource allocated to their departments contribute to a successful implementation of the strategic plan and contribute to organizational performance.

Resources allocation and implementation	**Respondents answers (Xi)**	**Agreed (Yi)**	**Xi Rank**	**Yi Rank**	**di**	**di^2**
Answers on budget and implementation	90	67	3.5	4	-0.5	0.25
Answers on Time and implementation	90	66	3.5	3	0.5	0.25
Answers on People and implementation	60	25	2	1	1	1
Answers on resource in general and implementation	30	26	1	2	-1	1
						2.5

Table 8: Correlation between resource allocation and plan implementation

$$\rho = \frac{6X2.5}{4(4^2 - 1)} = 0.254$$

Using Spearman's rank correlation coefficient ρ= 0.254 which indicates that there is a weak relation between resource allocation and strategic plan implementation, mainly because the budget is not enough as well as insufficiency of personnel in some departments.

3.8. Impact of Control and Evaluation Tools in Strategic Plan Implementation and Organization's Performance

In this section the researcher has analyzed data collected from respondents concerning the impact of control and evaluation tools on the implementation of the strategic plan and how it affects organizational performance.

The results compiled in the table below show a positive impact of the control and evaluation framework as designed in the organization under study in the implementation of the strategic plan as well as the overall organizational performance because in general many of the respondents agree on the necessity of the control mechanisms and how they facilitate the implementation, more than 80% responded favorably on questions regarding the contribution of the control and evaluation tools to the implementation and organizational performance.

		Strongly agree	Agree	Disagree	Strongly disagree	
Control and evaluation mechanism exist in our organization and successfully monitor plan implementation		21	9			30
		70.0%	30.0%	0.0%	0.0%	
We control and evaluate achievement of objectives using key perfermance indicators(KPIs)		17	13			30
		56.7%	43.3%	0.0%	0.0%	
The key performance indicators (KPIs) facilitate the implementation of the strategic plan		15	12	3		30
		50.0%	40.0%	10.0%		
We succefully control and evaluate plan implementation using the balanced score card		0	0	18	12	30
		0.0%	0.0%	60.0%	40.0%	
Internal Audit controls achievement of objectives during implementation process		20	10			30
		66.7%	33.3%	0.0%	0.0%	
The feedback from internal audit after control and evaluation is positive		16	12	2		30
		53.3%	40.0%	6.7%	0.0%	
The implementation of the plan is evaluated	Daily					
	Weekly	16	14			30
	Montly	17	13			30
	Quartely					
	Six month					
	Once a year					
Evaluation sequence is sufficient to the success of implementation of the plan		10	16		4	30
		33.3%	53.3%	0.0%	13.3%	
The control and evaluation methods contribute to organizational performance		16	8	4	2	30
		53.3%	26.7%	13.3%	6.7%	
It is challenging to implement the strategic plan in our organization		8	15	3	4	30
		26.7%	50.0%	10.0%	13.3%	
ıe implementation of the strategic plan contribute to organizational performance becau						
The Gross profit margin grows year after year		13	12	2	3	30
		43.3%	40.0%	6.7%	10.0%	
There is a return on invested capital		8	14	6	2	30
		26.7%	46.7%	20.0%	6.7%	
Increase of our market share		9	17	4		30
		30.0%	56.7%	13.3%	0.0%	

Table 9: Respondents' views on the impact of control and evaluation tools on the implementation of the strategic plan and organization's performance

The results in Table 9 above compiles the findings from respondents on impact of control and evaluation tools on implementation of the strategic plan as well as organization's performance 100% of respondents agreed on the existence of control and evaluation mechanisms in the organization and successfully monitor plan implementation, also all respondents agreed that control and evaluation is done by the use of key performance indicators (KPIs) and facilitate plan implementation while the balanced score card is not in use in the organization.
100 % of respondents agreed that internal controls department is involved in monitoring plan implementation and majority say the feedback is positive. The implementation of the plan is evaluated on a monthly and weekly basis as per confirmation of 100% of respondents. Majority also confirmed that the sequence of evaluation insufficient to the success of implementation of the plan, Majority of respondents also confirmed that control and evaluation methods contribute to organizational performance while only 20% disagreed with the statement. 76.7% of all respondents agreed that it is challenging to implement the strategic plan in the organization mainly because of insufficiency of resources while 23.7 said the opposite.

The implementation of the strategic plan contributes to organizational performance as per majority confirmed because83.3% agreed that the gross profit margin grows year after year; 73.4% of respondents agreed that there is a return on invested capital and 86.7% acknowledge the role of the strategic plan in increasing their organizational market share.

All these responses were given by employees at managerial level in all departments of the organization, Finance, Marketing, supply chain, sales and Human resource. These are company's decision makers and possess valuable information on the performance of the organization under study of this research.

Using Spearman's rank correlation coefficient ρ= 0.625 which indicates that there is a strong connection between Control and evaluation tools put in place in the organization and strategic plan implementation specifically because KPIs and internal audit are effective.

Control and evaluation tools and implementation	Respondents answers (Xi)	Agreed (Yi)	Xi Rank	Yi Rank	di	di^2
Answers on KPIs and implementation	60	67	1.5	3	-1.5	2.25
Answers on Internal audit and implementation	60	58	1.5	2	-0.5	0.25
Answers on Evaluation tools and implementation	90	25	2	1	1	0
						2.5

Table 10: Correlation between control and evaluation tool and plan implementation

$$\rho = \frac{6X2.5}{3(3^2 - 1)} = 0.625$$

3.9. The Gross Profit Margin Computed

Gross profit margin is the ratio of gross profit to total revenue expressed as a percentage. It is used to compare the company's current state to its past performance and conclude on the organizational health. The higher the ratio the better the performance. Using the following formula, we computed the gross profit margin of the company for 4 consecutive years.

$$\text{Gross Profit Margin} = \frac{\text{Net Sales - Cost of Goods Sold}}{\text{Net Sales}}$$

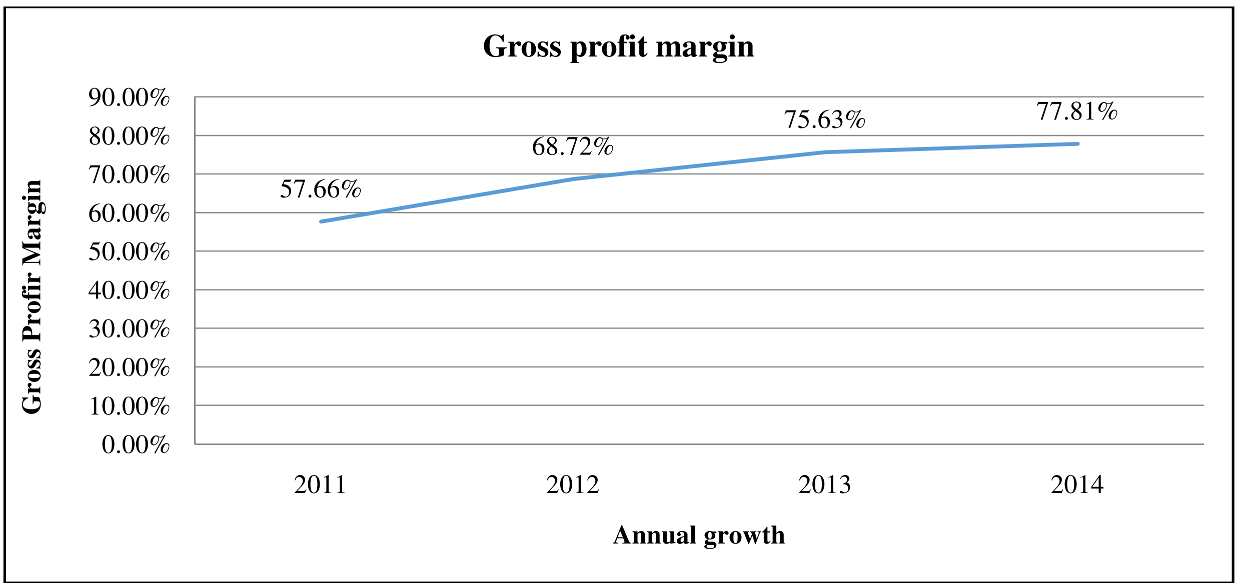

Figure 2: Gross profit margin annual growth

3.10. Return on Invested Capital Computed

Return on invested capital gives a sense of how well a company is using its money to generate returns. The result is expressed as a percentage or a ratio.

The return on invested capital formula:

$$= \frac{\text{Net Income} - \text{Dividends}}{\text{Total Capital}}$$

The above formula is used in the company to calculate ROIC and the latest expressed in percentage were 10.5% and 13.9%. These percentages were given to us by finance department.

3.11. Market Share Computed
Market share is determined by dividing the company's total sales or revenues by the industry's total sales over a fiscal period. The percentage of the market share as given by the sales department is **86.9%** and other actors in the industry share the rest.

3.12. Correlation between Strategic Plan Implementation and Organization's Performance
The correlation analysis between positive answers against all answers in connection with impact of plan implementation on organizational performance was carried out and revealed the existence of a strong positive relationship between strategic planning implementation and organizational performance ($\rho = 0.938$). This is due to the fact that implemented actions are realistic and lead to achievable objectives. The formula below was used to compute the correlation

Strategic plan implementation and performance	Respondents answers (Xi)	Agreed (Yi)	Xi Rank	Yi Rank	di	di^2
Effect of plan implementation on firm performance through the structure	240	110	3	2	1	1
Effect of plan implementation on firm performance through resource allocation	180	146	1.5	1	0.5	0.25
Effect of plan implementation on firm performance through control and evaluation tools	180	180	1.5	3	-1.5	2.5
						3.75

Table 11: Correlation between strategic plan implementation and organizational performance

3.13. Discussion
Various scholars have argued that strategic planning leads to effective company performance. This study focused on the implementation of an already existing plan, the challenges of implementation as well as its impact on organizational performance.
Results of the analysis reveal the existence of a relationship between strategic planning implementation and firm performance with a Pearson correlation coefficient of 0.938
It was evident that no doubt there is correlation between the constituent variables of the plan implementation and organizational performance.
This finding confirm the theoretical arguments by Hofer and Schendel (1978), (Noble and Mokwa, 1999). Henderson (1979), Greenley (1986), David (1997) that companies make improved performance once they effectively implement strategic planning. The findings of the study concluded that there is a link between strategic planning implementation and firm performance. The variables to measure organizational performance computed in this research all exhibit positive results
The gross profit margin has been growing year after year for the period covered by the study as indicated in the findings (See chart of gross profit margin) and the growth was linked to the successful implementation of the strategic plan where three factors have been analyzed: The structure of the organization (decision making roles and responsibilities and interdepartmental coordination were considered), resource allocation where we have (availability of people, money, time) and control and evaluation tools under which key performance indicators were used as a measure. These variables were linked to the growth of the company's gross margin, return on invested capital and market share of the company and the result was positive.

4. Summary, Conclusion and Recommendations

4.1. Summary of the Findings
The study revealed that implementation of the strategic plan positively impacts on organizational performance with a spearman's correlation coefficient of 0.938and itis discussed under the thematic guidance of the following study objectives:

<u>4.1.1. The Effect of the Structure of Organization on Implementing a Strategic Plan and the Outcome on Organizational Performance</u>
In this study by structure of organization we understand the decision making process, information sharing and communication between functions and the way activities are coordinated between functions and departments. Based on the findings presented in Table 5 majority of respondents agreed that the structure of the organization affect the implementation of the strategic plan.

<u>4.1.2. Effects of Resource Allocation in Implementing the Strategic Plan towards Organizational Performance</u>
Resource allocation was measured based on three factors which are availability of the budget, time and money. The findings in Table 7generally point out the importance of resource allocation in the implementation process. However, the budget should be revised and more employees allocated.

4.1.3. The Impact of Control and Evaluation Tools on Implementing a Strategic Plan and Its Contribution to Organizational Performance

Control and evaluation tools under consideration in this research were the key performance indicators (KPIs), the balanced score card and internal Audit. All respondents agreed that control and evaluation tools to evaluate achievement of objectives exist in the organization and contribute to organizational performance.

4.2. Conclusion

Smart strategies are worthless if not implemented. Some researchers note that organizations fail to implement up to 70 per cent of their strategic plans (Beer and Nohria, 2000; Miller, 2002) given the challenges faced in implementation. Even though challenging organizations should spare no efforts when strategy implementation is considered because as the findings of this study exhibited, in organizations where strategies are implemented, success will follow. The structure of the organization must to be flexible to permit implementation, resource must be available and adequately allocated, control and evaluation tools have to exist not only in policies but communicated to all employees in the firm and properly implemented. Strict follow up is indispensable to make sure that developed strategies are accurately implemented.

4.3. Recommendations

Based on the analysis discussed, the following recommendations are made so as to help the company to enhance its performance. Even though the company performs well, some areas still need to be adjusted in order to perform even better.

i. The findings of the research have shown that the budget allocated to departments is not sufficient considering the tasks assigned to them, it should be revised.
ii. People should also be allocated adequately in departments and training continuously conducted to achieve targets on time.
iii. The balanced score card as a modern control and evaluation tool which combines all key performance indicators should be widely implemented in the company.
iv. In some functions weekly and Monthly control sequence is not enough. Evaluation and control should also be done daily, Weekly, monthly and annually depending on the type of activity.

4.4. Suggestion for Further Studies

This study focused only on one company, future research should be conducted on a larger scale by considering more private companies in Rwanda to authenticate the positive relationship of strategic planning implementation and organizational performance. Also, comparative study can be carried out investigating the impact of strategic Planning on organization performance and if organizations can still perform without implementing the strategic plan. Furthermore, the study considered only three performance measures future research could expand and include both financial and non-financial measures.

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