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The Strategy Implementation and Organizational Performance of Companies at Nairobi Securities Exchange

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Abstract:
Companies listed at security exchanges in developing countries are facing numerous challenges among them poor financial performance. Organizational performance could be influenced by various factors among them strategy implementation. The need for developing a strategy has increased due to globalization, technology advancement, deregulation, emerging of new markets and industries, and economic restructuring. This paper sought to investigate the role of strategy implementation on organizational performance of companies listed at Nairobi Stock Exchange (NSE). Positivism research philosophy and explanatory research design were utilized and a target population of 325 senior managers of companies listed at NSE were identified. Using sample size formula, a sample of 179 senior managers were estimated. Stratified sampling technique was employed and a structured questionnaire was design to aid in data collection. The questionnaire was pretested and found to be reliable since the overall Cronbach alpha was 0.7. The paper collected data from 147 respondents representing 82.12% response rate. Inferential statistics utilized comprised of correlation analysis, One-way Analysis of Variance (ANOVA), factor analysis and regression analysis.
The findings revealed that organizational performance was positively and significantly correlated with strategy implementation while the one-way ANOVA showed that the mean difference between organizational performance and strategy implementation was significant. The results of simple linear regression showed that strategy implementation had a negative but insignificant effect on organizational performance. These findings suggested that strategy implementation does not significantly influence organizational performance of companies listed at NSE. The study recommends that the companies listed at the NSE should not focus all their resources on the method in which the company develops, uses and integrates organizational structure, Policy, control systems, and organizational culture but should ensure that the right implementation processes are followed.

Keywords: *Strategy Implementation, organizational performance, security exchanges*

1. Introduction

African stock markets including the NSE have not been greatly considered as an option by foreign investors because of the perception that the region is symbolized by the high volatility of markets and lower investment returns (Mahama, 2013). The low investments return arises from poor financial performance by the listed companies which do not have in place the appropriate strategic plans. According to Grinde (1997), organizations whose mission is broadly shared and internalized by employees and those with clear and consistent performance expectations and evaluation procedures always have a better performance than those without such measures. Organization mission and vision are part of the overall strategic plan and therefore an organization with a suitable strategic plan will have a better performance.

Gica and Negrusa (2011), argues that the need for developing a strategy has increased due to globalization, technology advancement, deregulation, emerging of new markets and industries, and economic restructuring. It was also found that strategic planners possess better ability to adapt to their external environment, are more able to attract quality labour force, have higher level of job satisfaction among their employees, and are more able to retain their current human resources (ibid). Strategy is necessary in an organization as it enhances the rate of changes. The business environment in which an organization runs changes rapidly, thus an organization which does not keep its policies updated cannot continue to exist for a long time in the market. Consequently, the efficient strategy enhances profits over a long-time period.

Previous empirical studies show that there is a strong positive relationship between strategy implementation and organizational performance although the extent to which strategy implementation contributes to improvement of organizational performance is still a matter of argument because of the varied results which are found in empirical research (Aldehayyat & Twaissi, 2011). Further, Arasa and K'Obonyo (2012), explain that all the strategic management processes such as strategy implementation is positively related to an organization's performance. Satisfactory financial results by an organization is crucial because without adequate profitability and financial strength, an organization's pursuit of its strategic vision, long term condition and its eventual survival is at risk. Stockholders, potential investors and creditors will hesitate to offer finances. It is also important to note that good financial performance in itself is not enough (Poku, 2012; Falshaw, Glaister & Tatoglu, 2006).

Robertson (2011) identifies the key strategic management barriers to be uncertainty, limited resources, lack of universal communication and low productivity among the personnel. Some of the reasons why strategic management may fail to take off also include lack of involvement from both the internal and external stakeholders, failure of reporting to the external stakeholders, lack of intensive evaluation and timely feedback on the achievement of the strategic plan, insufficient allocation of resources in the strategic management, and failure to base the employees' salary on contributions to enhancing the strategic plan (Mansor & Tayib, 2012; Lerner, 2015). These challenges have increased the need for empirical information on the missions and objectives of companies which is essential for decision making in addressing issues that are likely to enhance organizational performance. It is noted that there has been gaps in developing alternative strategies, strategy selection and control and its role on the organizational performance.

In Kenya, some businesses have failed and others survive yet they operate in similar business circumstances. Mallett (2012), argues that a customized strategy which is best suited for an organization's circumstances creates a framework for the entrepreneurs to judge both short-term and long-term financial tactics that eventually lead to business evolution and improved performance. Several companies that were listed at NSE have closed while others were delisted due to poor performance (Roney, 2004). Those that are still listed at NSE have not reached their optimal level of performance. Failure of these companies could be attributed to many factors such as poor leadership, macro-economic environment and lack of effective strategy implementation among others. Sparse studies focused on barriers to effective strategy implementation in Kenya and found that inadequate resources, unfavourable organizational culture among others are some of the organizational factors affecting effectiveness of strategy implementation (Kibachia, Iravo and Luvanda, 2014; Kasimbu, 2007; Bariti, 2009; Aosa, 2011; Gekonde, 2011; Elwak, 2013). These studies however did not investigate how strategy implementation influences organizational performance. It is for this reason that this paper sought to study the influence of strategy implementation within the Kenyan context. Lack of an effective strategy implementation in place has been deemed to have led to dire outcomes for most organizations and probably this is what could be ailing companies listed at NSE. This paper investigates the influence of strategy implementation on organizational performance of companies listed at the Nairobi Securities Exchange. The results of this paper are relevant to the companies themselves, the potential investors, the NSE, policy makers and scholars and academicians.

2. Literature Review

Strategic implementation is described by Hill, Jones and Schilling (2014) as the procedures carried out at the functional, business, and corporate levels of an organization to execute a strategic plan. It is the process by which strategies and policies are put in to action through the development of programs usually involving changes within the overall organizational culture, organization structure and management system of the entire organization. This process involves the use of managerial and organizational instruments to direct resources towards achieving strategic results (Daft, 2004). The implementation of strategies is done through a set of programs, budgets and procedures.

In a study seeking to examine the relationship between strategy implementation and public service performance, Andrews, Boyne, Law and Walker (2011), collected data from different levels of management of the Welsh local authority departments. The findings from the statistical tests indicated that implementation style has no effect on the organization performance when a single style of strategy implementation was used. However, in combination with suitable strategic choices, strategy implementation influenced the organizational performance. Out of the recognized methods of strategic implementation such as the rational and incremental approach, none of them was found to be likely to result in better firm performance.

According to Wairimu and Theuri (2014), the involvement of staff in the strategic management is of essence in every organization since the employees are directly participating in the implementation of strategies. When the top-level and departmental memos are communicated throughout the company, everyone in every subdivision will align their regular tasks with an aim of helping the company achieve its strategic goals (Kaplan, 2001). According to Eyceoz (2009), any organization is made up of people and all the policies or strategies are implemented by the people. Thus, logic would dictate that every organization looks for and value the involvement of its staff.

Most corporate organizations are now attempting to change from the authoritarian organizational style to more democratic and participative way of working by allowing their staff to offer views and involving employees more in the process of making organizational decisions (Irawanto, 2015). Chimanzi and Morgan (2005), argued that organizations which involve all the members of its staff significantly attain higher degrees of strategy implementation and thus firms should involve all its staff for the success of the strategy.

Richmond (2015) explains that the success of strategic management and innovation efforts rely largely on execution of staff at every level of the organization. Donald, Lyons and Tribbey (1999), contend that joint strategic management which involves employees has a great potential for the organization to form its own goals and ensure that they are integrated into a main plan for personnel and management. Decision-making patterns can also be essentially changed through the experience of joint strategic planning.

Employees at the lower levels of the hierarchy in an organization are usually not aware of the strategic management or their roles in the strategic management process (Wairimu & Theuri, 2014), and hence they may not actively participate in the strategic management. This discourages them from positively contributing to the achievement of the organization's or departments goals. Additionally, individuals should be involved all over the company to ensure that planning is not removed from organizational reality (Johnson, Scholes & Whittington, 2002).

Considering the morale and attitudes of staff towards strategic management, failure to involve the staff members, especially the junior employees has led to some of them not owning the strategic management process. Therefore, for any company to succeed in the accomplishment of its obligation, it must put in place a strategy that serves as a manual toward the achievement of its objectives and this strategy must be thoroughly communicated and explained to all employees within the company (Wairimu & Theuri, 2014). According to Irawanto (2015), the participation of staff in the strategy formulation and implementation process increases their work motivation and additionally make them feel secure in their job.

Eyceoz (2009) argued that the involvement of staff should be planned for and included in the implementation of a sustainability strategy. It is important to have an in-depth implementation plan that takes staff involvement into account. Members of the staff involved in strategic management must be aware of their environment, the strategies, vision and mission for the successful accomplishment of the strategic plans. However, some managers may be cautious with increasing employee involvement and participation fearing the loss of authority.

Blahová and Knápková (2011), argue that when CEO`s create and follow through great strategy and not isolate from their own workforce, information becomes flawless as it goes through each management level resulting in good strategy. However, most managers do not spend time with employees at all levels and they may not listen without passing judgement.

Empowerment encourages change and strengthens the level of job commitment which in turn increases the degree of individual employee commitment and aids in achieving company goals. Staff who exhibit strong organizational commitment have emotional attachment to the company and strong aspiration to contribute greatly towards the firm's success, and this results in enhanced accountability, competitiveness, high innovativeness, low wastage, the desire to improve overall job performance and risk taking. Further, enhanced individual and work group or team commitment leads to improved team performance, interpersonal interaction, and improves individual performance and satisfaction level (Sahoo & Das, 2011).

Sofijanova and Zabijakin-Chatleska (2013), explored the association between employee involvement in decision making and problem solving, and perceived organizational performance. The theory of employee involvement was examined by entrenching it in a national culture setting. The data for the study was collected from 36 companies belonging to the Macedonian manufacturing industry by way of a survey. Quantitative method and statistical analysis of data were used to test the research hypotheses. The results from the analysis established that the effective use of employee involvement is positively correlated to perceived organizational performance.

Employee participation and empowerment programs, and the use of self-managing teams have a direct and statistically significant relationship with the managerial opinion of the organizational performance. Organizations should therefore implement employee involvement programs in order to improve performance, growth and competitiveness on both the regional and global markets (Sofijanova & Zabijakin-Chatleska, 2013).

Sosiawani, *et al.* (2015) on their empirical study to examine whether strategic management helps firms to uplift performance found a positive relationship between employee participation and organizational performance. Participation of employees in the strategic planning process contributes to the effectiveness of the development of strategy and consequently leads to enhanced effectiveness of implementation of the strategic plan.

Obeng and Ugboro's (2008), study on to identify the characteristics of strategic management systems of transit agencies that enhance these agencies' ability to respond effectively to federal legislative requirements and mandates is also in agreement with the aforementioned studies. The study argues that for strategic management to be effective, it requires the involvement and commitment of both top and lower level managers. Additionally, they argued that effective strategic management requires involvement of employees, mostly those tasked with the implementation of the final plan, and it must corroborate with the management and decision-making styles of managers across all levels.

Akelo (2014), used content analysis in her study seeking to establish strategic management practices at Nairobi City Water and Sewerage Company and its effects of firm's performance. Results indicated that there were challenges facing the company such as lack of harmonization between the company's strategic plan, its performance contracting, departmental and individual work plans; the company's departments not working well together and delayed decision-making process. All these arose because the strategic management process was not inclusive of all the employees, and all the departments did not develop and apply their strategic plans.

Niyonzima (2015), examined the employees' involvement, decision-making to productive organizational citizen behaviour in Kigali city, Rwanda. Structured questionnaires were used to collect data from 258 respondents working in insurance organizations. The results of the analysis pointed out that a strong significant relationship between workers' involvement, decision making process and organizational citizenship behaviour exists in the insurance companies. Thus, the involvement of workers prompts them to vigorously participate and commit to the organizations' goals. The autonomy to decision making in relation to the employees' respective work areas also becomes a gateway to organizational success. Managers should therefore ensure that the workers are involved and they participate in the organization's decision making.

Effective organizational structures on the other hand also provide the stability a company may require to effectively implement its strategies and maintain its current competitive advantages. It is crucial to have a clear organization structure in place in the strategy implementation effort such that there is no ambiguity on who is authorized to make decisions. The organization structure must be made clear, relatively decentralized and formalized because decisions may be made more quickly. Clear procedures, rules and responsibilities may give organizational members certainty during an implementation effort and may increase the motivation of organizational members (Munyoroku, 2012).

According to Mbaka and Mugambi (2014), a transformational organizational strategy needs a transformation structure and if the structures are not aligned with the new strategies, the organization structure will prevent the company from successfully implementing the strategy. The company's management should create an organizational structure which is aligned to the new strategy as well as aligning its own organizational structure to what the strategy requires in order to improve effectiveness of communication and coordination during the strategy implementation process. The management can execute this by reducing the organizational structure from tall to flat structures (Mbaka & Mugambi, 2014). Similarly, when there is no agreement between processes, work systems and other dimensions of the organization with the organizational strategy, the strategy implementation is likely to fail (Sial, Usman, Zufiqar, Satti & Khursheed, 2013).

For the successful implementation of strategy, there must exist a proper organizational design which includes proper communication channels (between different hierarchical levels and functions), coordination, monitoring and incentive systems; activities and tasks must be sufficiently defined across functions or divisions; there must be adequate alignment between phases of the processes; proper information and knowledge transfer (Management Information System), efficient incentive programs and performance measuring systems (Ivančić, 2013).

Hao, Kasper and Muehlbacher (2012), examined the link between organizational structure and organizational performance using evidence from Austria and China, particularly via organizational learning and innovation. Data was collected from a sample of about 90 Austrian and 71 Chinese samples using questionnaires and it was analysed using Partial Least Squares and the results tested by bootstrap methods. The results confirmed that organizational structure has more impacts on organizational learning than on innovation, whereas organizational learning was found to be having an indirect effect on performance through innovation, but it not the direct effect of organizational structure on organizational performance.

Additionally, in industries with high technology or knowledge intensive, organizational structures have an effect on organizational performance largely through innovation and organizational learning whereas organizational structure affects organizational performance chiefly via innovation in the labour-intensive or capital-intensive industry. The study further established that senior managers believe that organizational structure improves performance directly and also via innovation whereas the middle and lower level managers think organizational learning has a significant mediating impact on organizational performance. The study suggested that innovation is a chief mediating variable in the impact of organizational structure on organizational performance and thus innovation should be furthered at the strategy level and not at the implication level (Hao, Kasper & Muehlbacher, 2012).

Hunter (2015) empirically compared and contrasted a couple of paradigms from the information processing perspective and the social network perspective with regard to their views of organizational structure and the relationship between organizational structure and organizational performance. From the results, it was established that the path distances over which information moves through the organization are reduced when informal connections are used, corresponding to the distance as measured by the formal structure only. The study concluded that the best proof of any correspondence between formal and informal organizational structures can be demonstrated by an empirical study that directly assesses for a link between these path-distance decreasing impacts of informal connections and organizational performance.

A study by Ibrahim, Sulaiman, Al Kahtani and Abu-Jarad (2012), indicated that there is a moderating effect of formalized organizational structure on the relationship between strategy implementation and performance of the manufacturing firms measured by Return on Equity. The formality of organizational structure can strengthen the influence of strategy implementation on the performance of an organization. Markiewicz (2011), proposes changes in the static organizational structure as well as changes in the methods of approach to employees' operations within the company for an organization to achieve its defined strategic goals.

Hilman and Siam (2014), examined the influence of organizational structure and organizational culture on the performance of the higher educational institutions in Palestine. Data was collected from 255 respondents representing the top, medium and low management level of the higher educational institutions in Palestine using a quantitative questionnaire. Analysis of the data was carried out using the partial least squares-Structural equation model PLS-SEM. The results showed that organizational structure and organizational culture are significantly correlated to the performance of higher educational institutions in Palestine. Further, it was established that strategy communication does not moderate the influence of both organizational structure and organizational culture on the organizational performance.

In their study which was attempting to define and measure organizational structure and its impact on the organizational effectiveness and trust, Latifi and Shooshtarian (2014), drew a sample of all employees of companies in medium and large industries in the Fars Province of Iran. The results indicated that there is a significant correlation between organizational structure and trust dimensions. In regard to effectiveness dimensions, a significant relationship between organic structure and effectiveness was found, although there was no significant relationship between mechanistic structure and effectiveness dimensions.

Csaszar (2012) sought to develop and test a model of how organizational structure influences organizational performance. The construct of organizational structure was conceptualized as the decision-making structure among a group of individuals. More than 150,000 stock-picking decisions made by 609 mutual funds were analyzed for the study. Organizational structure, which was the independent variable, was coded according to the fund management depictions developed by Morningstar, and approximations of the errors of omission and commission were computed by a novel technique that uses bootstrapping to create measures that are comparable across funds. The results suggested that organizational structure has significant and predictable impacts on a wide range of companies. Specifically, it was shown that increasing the consensus level needed by a committee tasked with the selection of projects results in more errors of omission, fewer errors of commission, and less approved projects.

Maduenyi, Oke, Fadeyi and Ajagbe (2015), examined the effect of organisational structure on organisational performance. Secondary data which was obtained from articles, text books, internet and journals were mainly used for this study. The results showed that organisational structure has an effect on organizational performance and thus organizations should attempt to have in place properly defined structures to help them achieve the set goals and objectives.

Wachira (2013) carried out an evaluation of the correlation between performance of financial sector companies listed in the Nairobi Securities Exchange and the competitive strategies they have implemented in the previous 3 years. Primary data for the study was collected using a questionnaire while secondary data was gathered from past records from the NSE and Capital Markets Authority library. The findings from the regression analysis revealed that the companies have realized improvement with regards to organisational performance measured using different indicators. However, according to the study, there was no particular strategy but it was largely an amalgamation of different competitive strategies in general. It was recommended that for the companies to uphold their competitiveness in the sector, they should be concentrating on the cost and expansion of their market coverage with various products and services.

3. Research Methodology

Research methodology is described by Rajasekar, Philominathan and Chinnathambi (2006), as a systematic way to solve a problem. This paper used positivism research philosophy and explanatory research design (Willig, 2013; Saunders, *et al*., 2012). Positivism fits this study since there is direct correlation between strategic implementation and performance of companies listed at NSE, additionally, positivism research philosophy is objective and independent of researcher with no human interest of the study. This study utilized explanatory research design since it is useful in establishing the relationship between variables. For instance, it was used to examine the effect of strategy implementation on organizational performance of companies listed at the NSE. This research design was utilized by (Cooper &Schindler, 2014; Creswell, 2014; Trochim, 2006).

Huck (2009), defines population as the larger group from which a sample is extracted or considered to have come from. The paper population comprised of 325 senior managers in companies listed at the Nairobi Securities Exchange. The sampling frame for this paper was 325 senior managers of companies listed at NSE. Senior managers in the study refer to the uppermost level of managers in an organization directly under the board of directors.

The paper utilised stratified random sampling technique to select the individual respondents. Stratified random sampling involves dividing the target population into homogenous strata and then conducting simple random sampling within the strata (Cooper &Schindler, 2014). This technique was selected since it is affordable in administering research instruments and it is generally applied in order to obtain a representative sample. This technique has previously been used by (Huck, 2009). This study divided the target population into strata based on the sector in which a company operates. Thus, there were 12 strata namely; agricultural, automobiles and accessories, banking, commercial and services, construction and allied, energy and petroleum, insurance, investment, investment services, manufacturing and allied, telecommunication & technology and real estate investment trust.

A sample size is described as the number of items that are selected from the population to make up a sample (Kothari, 2004). To arrive at a sample size, Yamane (1967), developed a formula that requires specification of the precision error as shown.

$$n = N/\{1 + N(\varepsilon^2)\} \ldots \ldots \ldots \ldots \ldots \ldots \ldots \ldots 1$$

Where n is the sample size, N is the target population and ε is the precision error. Based on the Yamane (1967) sample formula size with a precision error of 0.05 the paper estimated a sample size of 179 senior managers of companies listed at the NSE. This formula was utilised because it is simple, scientific and can be used in studies that involve large populations. Additionally, this approach has been utilized by several studies such as (Huck, 2009; Daft, 2004; Bordean, *et al.,* 2010).

The study used questionnaire as the basic data collection instrument. The questionnaire had four sections whereby section one collected general information of the respondent, section two captured the profile of the business, section three captured organization performance and the last section strategy implementation. The use of questionnaire was preferred since it allows the researcher to collect data from a wide geographical area at a relatively low cost. According to Huck (2009) responses given in the questionnaires are in own words of the respondents and respondents have ample time to give appropriate responses. Moreover, the questionnaire does not require the respondent to reveal their identity.

The study conducted a pilot study to test the reliability and validity of the questionnaire. The study collected data for pilot study from 18 (10% of 179) senior managers. The senior managers who filled in the questionnaires during pilot study were excluded from the main survey. The paper used Cronbach's alpha to test the reliability of the research instrument. The paper found that, the Cronbach's alpha for strategy implementation variables; employee participation, organizational structure and policy and empowerment were 0.698, 0.761 and 0.843 respectively. The Cronbach's alpha for the whole questionnaire was 0.699. This value was equal to 0.7 indicating that the whole questionnaire was reliable. Construct validity was tested by administering the questionnaire to the experts in the field of strategic management and organizational performance. The collected data was coded and entered in Statistical Package for Social Sciences (SPSS) for analysis.

The data analysis methods used in the study were broadly based on descriptive and inferential analysis. The Inferential analysis for this paper comprised of factor analysis, correlation analysis, Analysis of Variance (ANOVA) and regression analysis. For the simple linear regression model, the paper specified organizational performance as the dependent variable and strategy implementation as the independent variable as shown;

$$OP_i = \beta_0 + \beta_2 SI_i + \varepsilon_i \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (2)$$

Where; OP represents organizational performance, SI denotes strategy implementation, $\beta's$ are the parameters to be estimated, ε are the error term and i represents the individual manager.

4. Results and Findings

The response rate for this study was 82.12%. Majority of the respondents (59.3%) were male whereas the remaining 40.7% were female. The study showed that 45.9% of the respondents were aged between 41 and 50 years, followed by 30.1% who were aged between 31 and 40 years. 2.7 percent of the respondents were more than 60 years old. Respondents with bachelor's degree were 43.2%, followed by those with master's degree (36.3%). About 7.5% of the respondents had PhD while 2.1% of the respondents indicated that they had completed primary school. This indicates that majority of the respondents had the education level required to understand management issues. The study revealed that 44.5% of the respondents were general managers/section heads, 19.9% were team leaders, 16.4% were managing directors, 14.4% were supervisors, 4.1% were Chief Executive Officers and 0.7% were owners of the business. About 30% of the respondents indicated that they work in the human resources department, 25.2% work in the information technology department, 19.5% work in the finance department, 14.6% work in the operations, and 10.6% work in the marketing department. Thus, all departments in the organizations were represented in the study.

The study found out that about 39.7% of the respondents had worked for their respective companies for about 4-6 years while 21.9% had worked for between 7-9 years, 20.5% had work experience of 1-3 years, and 14.4% had worked for less than one year. Only 3.4% of the respondents had worked for 10 years or more. The result indicates that majority of the respondents had worked long enough to understand management issues in their organization. Majority of the companies (74.1%) had been in operations for a period of 10 years or more. Only 4.1% of the companies had been in operation for less than one year. This shows that majority of the companies were well established. Similarly, majority (80.7%) of the companies were public limited companies, 12.4% were private limited companies whereas 6.9% were partnerships. The study showed that 21.8% of the companies were in the banking sector, followed by those in the commercial and services sector (15.5%) and manufacturing and allied (13.4%). The study showed that 31.9% of the companies had less than 1000 employees, whereas 24.1% had more than 3000 employees. Regarding the annual turnover, the study found that most of the companies had annual turnover of more than Kshs. 10 billion. The study found that majority (61.9%) of the companies had great to very great extent growth in their revenue for the last five years. About (74%) of the companies had great to very great extent growth in their sales for the last five years. Seventy six percent of the companies experienced great to very great extent overall performance.

The descriptive statistics for strategy implementation showed that most of the respondent slightly agreed to strongly agreed with various aspects of staff participation, organizational structure, policy and empowerment. The study conducted Kaiser-Meyer-Olkin Measure (KMO) and Bartlett's Test to determine the worth of the factor analysis. The KMO had a value of 0.866 and Bartlett's test had x^2 = 650.112, p = 0.000. The p value was less than 0.05 and this result confirmed that the construct of strategy implementation could be factor analyzed. The results are presented in Table 1.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		**.866**
Bartlett's Test of Sphericity	Approx. Chi-Square	650.112
	df	36
	Sig.	.000

Table 11: KMO and Bartlett's Test for Strategy Implementation

The total variance explained for strategy Implementation showed that one component explained 54.659% of the total variability in the nine items used to determine strategy implementation. Therefore, the component could be used to measure efficiency. The results are presented in Table 2.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.919	54.659	54.659	4.919	54.659	54.659
2	.916	10.176	64.835			
3	.821	9.122	73.957			
4	.578	6.422	80.379			
5	.482	5.358	85.737			
6	.444	4.933	90.669			
7	.365	4.053	94.722			
8	.285	3.161	97.883			
9	.190	2.117	100.000			

Table 2: Total Variance Explained for Strategy Implementation

The results showed in the scree plot also confirmed the findings of the total variances explained since only component one had Eigen value greater than 1. Figure 1 shows this finding.

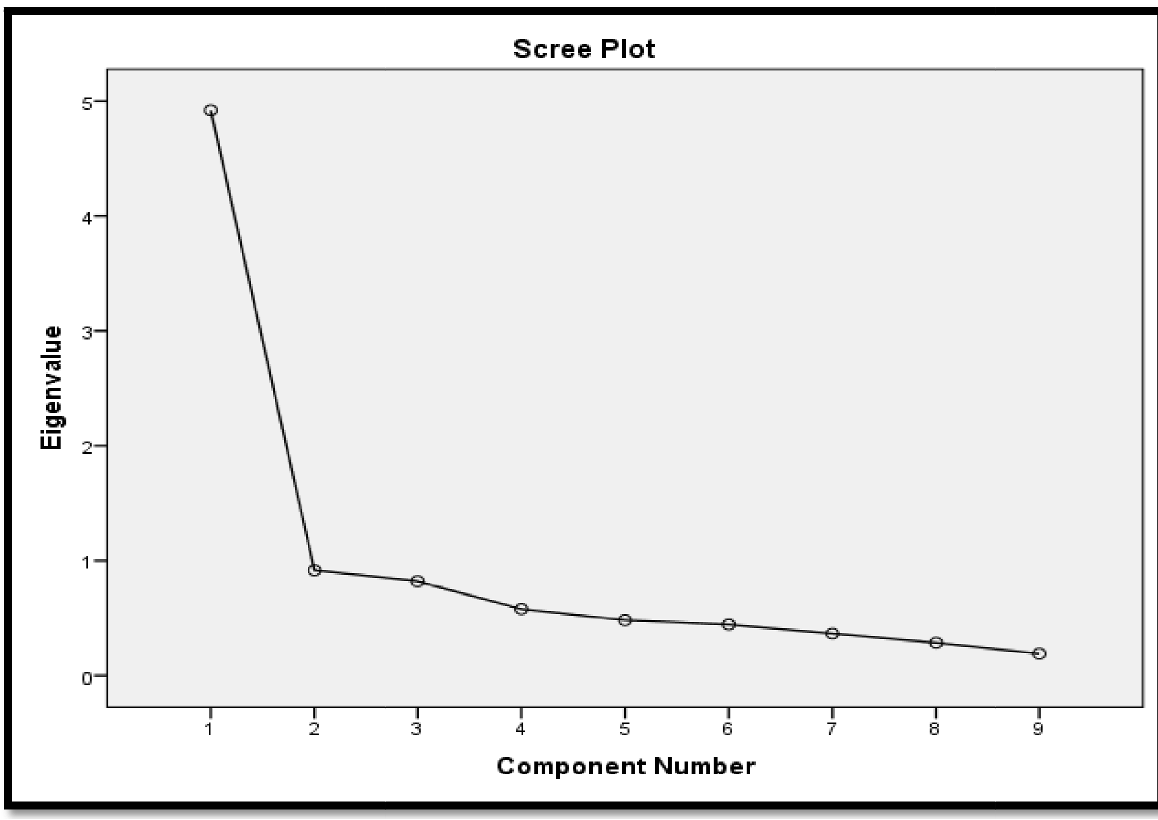

Figure 1: Scree Plot for Strategy Implementation

The results showed that one item, 'Departmental memos and managerial decisions are communicated all through this company and to every individual' had the highest factor loading of 0.838. This item was heavily loaded on component one and thus it was used to create a summated score of strategy implementation. The finding is shown in Table 3.

Strategy Implementation	Component 1
Departmental memos and managerial decisions are communicated all through this company and to every individual	**.838**
All employees in this company align their regular tasks with the overall company strategy	.625
This company engages in a more democratic and participative way of working by allowing employees to offer views and involving employees more in making organizational decisions	.765
In this company, there is no ambiguity on who makes particular decisions	.562
My company's structure is aligned with the new strategies and with what the new strategies call for.	.774
My firm has proper communication channels, monitoring and incentive systems, and performance measuring systems	.747
The company's policy is properly communicated to the staff and is clearly understood by employees	.756
This company motivates its employees with both financial and non-financial incentives to enhance their job performance	.765
Employees in this company are emotionally attached to the company and exhibit high levels of commitment to the organization	.781

Table 3: Component Matrix for Strategy Implementation

The study found that the Pearson correlation coefficient between organizational performance and strategy implementation was 0.284 with a p value of 0.001. This finding suggested that strategy implementation is positively and significantly related to organizational performance. The finding is summarized in Table 4.

		Strategy Implementation
Organizational Performance	Pearson Correlation	.284**
	Sig. (2-tailed)	.001
	N	145

Table 4: Correlation Analysis between Strategy Implementation and Organizational Performance

The ANOVA results for strategy implementation showed that the value of F statistic was 3.031 with a p-value of 0.008 which was less than p value of 0.05. This finding showed that there was a significant mean difference between strategy implementation and organizational performance. Table 5 summarizes this finding.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	93.539	6	15.590	3.031	.008
Within Groups	709.772	138	5.143		
Total	803.310	144			

Table 5: ANOVA between Strategy Implementation and Organizational Performance

The study carried out linear regression on the effect of strategy implementation on organizational performance and found the R square of 0.214 and DW test of 1.582. This finding implied that 21.4% of variations in organizational performance are explained by strategy implementation and that the error terms of the regression are not correlated. The results are as shown in Table 6.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.463	.214	.197	2.09891	1.582

Table 6: Summary for the Effect of Strategy Implementation on Organizational Performance

The ANOVA results for strategy implementation showed that the value of F statistic was 12.428 with a p-value of 0.000 which was less than 0.05 implying that the strategy implementation jointly explain the organizational performance. Table 4.7 summarizes this finding.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	164.257	3	54.752	12.428	.000
	Residual	603.545	137	4.405		
	Total	767.801	140			

Table 7: ANOVA for Effect of Strategy Implementation on Organizational Performance

The regression results indicated that the coefficient for strategy implementation was -0.069 with a p-value was 0.663 which was greater than the p value of 0.05. This finding indicates that strategy implementation does not significantly influence organizational performance. The result is presented in Table 8. This finding implied failure to reject the null hypothesis which stated that strategy implementation does not significantly influence organizational performance. Thus, the study showed that strategy implementation does not have significant effect on organizational performance of companies listed at the NSE. Whereas the study findings contradict majority of the earlier finding, this finding could be justified by Otiso's (2013) argument that the procedure of organizing various company stakeholders and coordinating their activities to focus on the common organizational goal encounters several challenges which include leadership styles, communication system, organization culture and organizational structure. Some of those challenges which are commonly encountered during strategy implementation within an organization, and which can result in the strategy implementation phase not affecting performance, include the rivalry between the firm's subsidiaries, poor communication mechanism and the absence of comprehension of the general organizational direction and goals aims and direction, and the lack of support from various organizational stakeholders (Brinkschröder, 2014). This study is however aligned to Andrews, Boyne, Law and Walker (2011) study, where they found out that strategy implementation had no effect on the organisation performance in public service companies.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	3.578	1.394		2.566	.011
	Strategy Implementation	-0.069	.158	-.044	-.437	.663

Table 8: Coefficients for Strategy Implementation

5. Conclusions

The study sought to establish the relationship between strategy implementation and organizational performance of companies listed at NSE. Inferential analysis comprising of factor analysis, correlation analysis, Analysis of Variance (ANOVA) and regression analysis was used. The study findings revealed that the relationship between strategy implementation and organizational performance of companies listed at NSE is statistically insignificant. This implies that strategy implementation has no influence on the organizational performance of firms listed at the NSE. The study therefore concludes that strategy implementation has no influence on the organizational performance of companies listed at the NSE. This means that the manner in which an organization transforms the different strategies and plans into actions so as to accomplish its strategic objectives and goals does not affect the organization's ultimate performance. The study recommends that the companies listed at the NSE should not focus all their resources on the method in which the company develops, uses and integrates organizational structure, control systems, and organizational culture but should ensure that the right implementation processes are followed.

Future research can investigate the role of strategic implementation on organizational performance of listed companies in East African Community. Additionally, the research can separate the foreign companies from the locally owned companies and split the different companies listed at the securities exchange according to the different sectors that they operate in.

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