Strategy Implementation and Performance of Retail Stores: A Case of Mulleys Supermarket, Machakos Town

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Abstract: The purpose of this study was to establish the effect of strategy implementation on performance of retail stores; a case of Mulleys Supermarket, Machakos Town. The study specifically sought to ascertain the effect of leadership on the performance of Mulleys Supermarket, Machakos Town, establish the effect of organization culture on the performance of Mulleys Supermarket, Machakos Town, determine the effect of organization structure on the performance of Mulleys Supermarket, Machakos Town, and to find out the effect of availability of resources on the performance of Mulleys Supermarket, Machakos Town. The study used a descriptive research design where the target population were the 129 employees working in the various department at Mulleys supermarket head office. The study was a census survey whereby all the employees were sampled. Data was collected using a structured questionnaire. The findings from the study showed that organization structure was the first and most significant independent variable followed by availability of resources. Leadership was the third most significant independent variable while organization culture was the least significant independent variable. The study recommends that the organization should continue embracing strategic leadership as this would enhance their performance. It is also recommended that the organization should continue seeking the views of their employees in strategy implementation as this would motivate them to own the process. Further, it is recommended that the management should continue instilling their family values on their employees as this would enhance the organization culture which had a significant effect on performance. Another recommendation is that the formal structure should be clearly communicated to all the employees and major stakeholder. This will ensure that the hierarchy and lines of authority are clearly understood by all the stakeholders as they will be enlightened on the chain of command. It is also recommended that the board of directors should ensure adequate financial resources are availed to the management to enable them implement the strategies accordingly.

Keywords: Strategy Implementation, Leadership, Organization Culture, Organization Structure, Availability of Resources, Performance

I. INTRODUCTION

Strategic plan offers organizations with a preferred goal which should be pursued by following a set of steps in order to be successful. According to Herbrinick (2006), a strategic plan should be able to tackles the why, what and also come up with how to implement by addressing the how, who, when and where. According to Kurendi (2013), the adoption of strategic management subsumes that organizations engage in the formulation of strategy which, if effectively implemented would guarantee firm success. Therefore, the implementation of strategies is crucial in the strategic planning process which entails strategy formulation, implementation, monitoring and control.

The implementation of strategies entails the utilization of resources to implement the action plans of the organization in such a way that the organization is able to gain an advantage over its competitors (Harrington, 2006). Strategy implementation is therefore more important for the organization than the formulation of strategies as its failure is more costly Mbaka and Mugambi (2014). The key components as postulated by Pearce and Robinson (2007) which are necessary for strategy implementation are culture, systems, resources, people and structure. Therefore, creating a well-builtfit between the organization culture, resources, systems, people and structure generates a greater chance of successfully implementing a strategy.

Globally in the United States, Volpe (2011) notes that supermarkets are adopting low pricing strategies as well as adopting the strategies of their nearest competitors to increase their performance. This is especially so due to the increased competition by hypermarkets that has affected the supermarket’s performance. One of the key sectors in the UK is the retail in groceries which accounts for 16%. However, the growth of in the sector has been compressed due to influence from regulating authorities. In an attempt to increase their performance, retailers with big store have adopted the use cost or efficiency gains strategies (Yadav, 2008).

In Africa, according to Tarisayi, Chiguvi and Gurumo (2017) retailes stores: a case of Mulleys Supermarket, Machakos Town. The study specifically sought to ascertain the effect of leadership on the performance of Mulleys Supermarket, Machakos Town, establish the effect of organization culture on the performance of Mulleys Supermarket, Machakos Town, determine the effect of organization structure on the performance of Mulleys Supermarket, Machakos Town, and to find out the effect of availability of resources on the performance of Mulleys Supermarket, Machakos Town. The study used a descriptive research design where the target population were the 129 employees working in the various department at Mulleys supermarket head office. The study was a census survey whereby all the employees were sampled. Data was collected using a structured questionnaire. The findings from the study showed that organization structure was the first and most significant independent variable followed by availability of resources. Leadership was the third most significant independent variable while organization culture was the least significant independent variable. The study recommends that the organization should continue embracing strategic leadership as this would enhance their performance. It is also recommended that the organization should continue seeking the views of their employees in strategy implementation as this would motivate them to own the process. Further, it is recommended that the management should continue instilling their family values on their employees as this would enhance the organization culture which had a significant effect on performance. Another recommendation is that the formal structure should be clearly communicated to all the employees and major stakeholder. This will ensure that the hierarchy and lines of authority are clearly understood by all the stakeholders as they will be enlightened on the chain of command. It is also recommended that the board of directors should ensure adequate financial resources are availed to the management to enable them implement the strategies accordingly.

Keywords: Strategy Implementation, Leadership, Organization Culture, Organization Structure, Availability of Resources, Performance
In South Africa, retailing is faced with outlets from some of the best managed businesses in the world. This is an indication that the retail business can become very complicated especially in areas where there is multiple competition with limited financial resources. This has made it a necessity for retail owners to adopt marketing strategies that will enhance their performance (Chiliya & Lombard, 2009). Some of the reasons that lead to strategy implementation failure include poor leadership, lack of commitment, unclear strategic vision as well as poor communication to the employees. In addition, low morale of the employees can also hinder the implementation process and also having multiple objectives among the levels of management (Mapeter et. al, 2012).

In Kenya, the successful implementation of strategies is determined by the competencies of the management staff, adequate allocation of resources and the policy regulations to guide the process (Maxwell, Kepha & Joseph 2013). About 70% of new strategies set by organizations are usually not implemented (Franken, Edwards & Lamberti, 2009). According to Kaplan and Norton (2006), this is especially so because the employees are not fully aware of what they are expected to do.

Thus, whereas strategic planning is itself an onerous difficult task, the implementation in all the departments of an organization is challenging. Therefore, by organizations not effectively implementing their strategies leads to failure. This has been truly challenging as majority of the managers do not seem to know how to implement strategies as they are more interested in developing them (Hrebiniak, 2013). As David (2013) succinctly puts it, strategy formulation is a mainly intellectual process that involves the coordination of a few individuals, while strategy implementation is the hard stuff: efficiency and effectiveness, operational deployment of resources, and requires motivation, leadership and the coordination of huge numbers of people across the entire organization.

The Kenyan retail industry started in 1975 when the Uchumi chain of supermarkets was established in Nairobi and enjoyed being a monopoly for quite a long period of time. However, other players joined the industry which were Tuskys, Nakumatt, Chandarana and Naivas among others (Nielsen (2002). As most people relocated to the cities due to urbanization, the chains of supermarkets expanded in Mombasa and Nairobi starting with the upper-class but eventually spreading to poor neighbourhoods. However, in the recent past, the rural areas of Kenya have seen a growth in supermarkets especially after devolution of key functions to the county level. In addition, the supermarkets have also penetrated the food retail (Kiumbura, 2003).

The Kenyan retail sector has observed an enlargement in the number of retail stores and this has been usually been attributed to urbanization and globalization. This has led to a growth rate of 18 per cent per annum especially in supermarkets which has resulted in an increase in the niche to over 20% of the urban food market (Njung’e 2017). One of the largest retail stores Nakumatt Holdings opened branches in the East African region. Uchumi Supermarket also followed suit and opened branches in the neighboring countries, although the two stores eventually closed down some of the stores. The country has also seen an interest by international retails stores like the Game and Carrefour opening up branches in the country. Further, the small scale supermarkets who are mostly in the different counties are expanding.

Mulleys chain of supermarkets is a family business which was founded as a shop in 1969. The store has grown due to the diligence, hard work and discipline of the family from a wholesale and distribution shop to one of the biggest investments in Machakos Town. The vision of the organization is be world class by partnering with the community, employees and customers to improve the society. The organization aims to achieve this through quality services, goods and reliable staff. The retail store which currently has eight branches has expanded mostly in Machakos County, with Machakos Town housing most of the branches (www.mulleys.co.ke).

**Statement of the Problem**

According to Wicks (2018) retail stores use retail marketing planning and strategy to sell their products to their customers. The marketing strategy which focuses on the product, price, place and promotion should be implemented in such a way that the customers are reached. Obat (2013) postulates that the retail sector in Kenya is very competitive with an increase in both small scale and large scale retail stores. Despite this, dominance by two supermarkets in Kenya – Nakumatt and Uchumi which were at one time enjoying over 70% of the market share, they have been experiencing difficulty in the recent years leading to the closure of some of their branches. This is despite the strong strategic positions they enjoyed in the region.

Having a strategy and the strategy implementation is considered to be good based on a trustworthy management. Mulleys supermarket has expanded from a retail shop owned by an individual to a chain of supermarkets that is managed by a family. The chain of supermarkets which currently has eight branches most of which are in Machakos County is managed by seven siblings who direct the operations. It is therefore important to find out how the retail stores are implementing their strategies or is it by chance that they have been able to expand their operations seeing as it is that the biggest retail supermarkets are making losses. It is also important to find out how the values instilled to them by their father who founded the retail store have
enhanced the strategy implementation. This study therefore sought to understand why there is rapid growth in Mulleys Supermarket as compared to the other conventional supermarkets that are shutting down.

**Objectives of the Study**

The general objective of the study was to establish the effect of strategy implementation on performance of retail stores: a case of Mulleys Supermarket, Machakos Town, whereas its specific objectives were:

I. To ascertain the effect of leadership on the performance of Mulleys Supermarket, Machakos Town.
II. To establish the effect of organization culture on the performance of Mulleys Supermarket, Machakos Town.
III. To determine the effect of organization structure on the performance of Mulleys Supermarket, Machakos Town.
IV. To find out the effect of availability of resources on the performance of Mulleys Supermarket, Machakos Town.

**Significance of the Study**

This study would be significant to the Mulei’s family who are the directors of Mulleys Supermarket as they would get insights that might help them in the strategy implementation policy making. The findings would also be significant to the employees of Mulleys Supermarket especially those in management position as they might use the research findings in the implementation of strategies to enhance performance. In addition, the findings would also be significant to other retail stores as they would find the recommendations useful in managing their stores. The research would also be significant to family entrepreneurs’ as they might emulate the strategy implementation of the Mulei’s family to grow their business. The study would also be useful to researchers as it would serve as a reference point for future researches on strategy implementation.

**Conceptual Framework**

The study was guided by the following conceptual framework.

**Independent Variables**

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Organization Culture</th>
<th>Organization Structure</th>
<th>Availability of resources</th>
<th>Retail Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>Values</td>
<td>Span of control</td>
<td>Finances</td>
<td></td>
</tr>
<tr>
<td>Delegation</td>
<td>Beliefs</td>
<td>Formalization</td>
<td>Human resources</td>
<td></td>
</tr>
</tbody>
</table>

**Dependent Variable**

Retail Performance

- Profitability

Figure 1: Conceptual Framework

Source: Adopted from literature review

The conceptual framework highlighted that the dimensions of strategy implementation were leadership under the constructs of communication and delegation; organization culture which was based on the beliefs and values, the organization structure represented by span of control and formalization; and the availability of resources under the indicators of finances and human resources. By means of arrows, these strategic implementation elements influenced the performance of retail stores under the parameter of profitability. This
could be explained further through effective communication and delegation, the leadership of the retail store could enhance the profitability. In addition, instilling their values and beliefs to the rest of the employees could enhance the profitability of the retail stores. Further, having a formal organization structure which a clearly outlined span of control could enhance the profitability while ensuring that the resources needed like finances and human resources available could further improve the performance of the retail stores.

II. LITERATURE REVIEW

Theoretical Framework

Contingency Theory

This theory conceptualized by Fiedler (1958) states that organization’s do not have a paramount approach to leadership but the approach adopted depends on its effectiveness in one circumstance but may be unsuccessful in another. However, the appropriateness of the style of leadership depends on various external and internal restrictions which range from the organizational resources, strategies, size of the organization and technologies being used. According to Northouse (2007), the theory indicates that the organizational design must align with its environment and also with the subsystems. Further the theory postulates that organizations do not have a preferable way to be managed and that the organization structure should be properly designed and complemented by a leadership style that supports the nature of work performed.

Virkus (2009) further explains that contingency theory is characterized by various factors which include the position power, the relationship between the leader and the member and the task structure. Therefore, managers should be able to understand the feelings of the employees to determine their confidence and trust the leadership approach, ensure that the tasks to be performed are clearly outlined and also determine the amount of authority needed to influence the effective performance of the employees.

This theory was relevant to this study because when implementing strategies in the retail market, the managers could be able to assess their internal and external environment to ensure that they align the implementation in line with the needs. This would enable them understand the consumers preferences and allocate resources appropriately meet the needs of the consumers. Further, the theory was relevant because it would enable the retail stores to ensure that its internal systems are well structured and the roles of the employees well defined to ensure that they are effective. The theory was also relevant because it would enable the management to understand their environment and determine the amount of power and authority they need to exercise in order to ensure that the employees performance their best as this would enhance organizational performance.

Empirical Studies

Organization Structure and Retail Performance

According to a research carried out by John (2017), modern organizations have complex structures and the decisions taken by top management affects the effectiveness and efficiency of an organization. The study also established that the ways a hierarchical structure interacts with each other affects the organizational performance. On top of this, Sammoudi (2016) revealed that having an organization structure that hinders coordination of activities could have a negative impact on its performance. In addition, Root (2017) noted that the setting up and administration of a structure had a direct effect on organizations yield. Further, Kiggundu (2010) suggested that organizations should embrace a centralized decision making, formal structure and hierarchy as this would improve their overall performance. On top of this, Maduenuyi, Oke, Fadeyi and Ajagbe (2015) noted that organizations should put in place a well defined structure in line with their strategic plan as this would ensure the flawless implementation of the strategies, leading to improved organizational performance. In addition, Kanten, Kanten and Gurlek (2014) established that there was a positive relationship between amechanistic organization structure and organizational effectiveness.

III. Research Methodology

This study used descriptive survey research design. The design enabled the research to find out who, what, where, when and how (Cooper & Schindler, 2013). A survey study was appropriate because the researcher was able to use a questionnaire to collect data thus save time and money. The survey research design was also considered appropriate because it enabled the researcher to collect descriptive data with regards to current needs, conditions and practices of the population (Oja, 2013). The target population were 129 employees based at Mulleys Supermarket head office. Due to the small number of respondents, this study adopted the census design where every employee at the Mulleys Supermarket head office took part in the study.

A questionnaire which was structured was used to collect primary data while secondary data was collected from published journals on the subject matter. The researcher sought approval from the Graduate Business School at the Catholic University of Eastern Africa and thereafter sought authorization from the Human Resources Department at Mulleys Supermarket before administering the questionnaires. Upon approval,
the researcher used the drop and pick method where after identifying the participants, questionnaires were given to the respondents. The researcher then requested them to fill and return the filled questionnaires after an agreed time period.

SPSS software version 25 was utilized in analyzing the data collected for the current investigation. Results were then presented in frequencies, percentages, pie charts and bar graphs. In order to be able to get the relationship between strategic implementation variables and retail performance, a multiple regression analysis was used.

IV. Results and discussion of findings

Effect of Organization Structure on Retail Performance

The results on the extent to which Organization Structure affected retail performance at Mulleys Supermarket are presented below. A likert scale indicating 1 strongly disagree, 2 disagree, 3 neutral, 4 agree and 5 strongly agree was used.

<table>
<thead>
<tr>
<th>Items</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The retail supermarket has a formal structure to guide its operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>39</td>
<td>61</td>
</tr>
<tr>
<td>The formal structure has been communicated to all stakeholders</td>
<td>-</td>
<td>-</td>
<td>55</td>
<td>45</td>
<td>-</td>
</tr>
<tr>
<td>The span of control within the organization is clearly outlined</td>
<td>-</td>
<td>-</td>
<td>11</td>
<td>71</td>
<td>18</td>
</tr>
<tr>
<td>The retail supermarket structure is flexible to allow any changes that may arise</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>66</td>
<td>26</td>
</tr>
</tbody>
</table>

Source: Research data, 2019

Table 1 showed that majority of the respondents strongly agreed that the retail supermarket had a formal structure to guide its operations while 39% of the respondents agreed with the statement. 55% of the respondents on the other hand neither agreed nor disagreed that the formal structure had been communicated to all stakeholders while 45% of the respondents agreed with the statement. Further, 71% of the respondents agreed that the span of control within the organization was clearly outlined while 11% of the respondents neither agreed nor disagreed with the statement. 66% of the respondents agreed that the retail supermarket structure was flexible to allow any changes that may arise while 26% of the respondent neither agreed nor disagreed with the statement. This showed that retail supermarket had an organization to guide its operations also most of the respondents felt that the said structure had not been clearly communicated to all the stakeholders.

The results conform with those of John (2017) who established that the ways a hierarchical structure interacts with each other affects the organizational performance. The study recommended that organizations should embrace open and fluid structures as they enhanced organizational performance. Sammoudi (2016) revealed that organizations should align their organization structure to promote the coordination of activities as this would ensure that there is flow of work. Further, Root (2017) noted that organizational structure clearly sets out the lines of responsibilities thus boosting the efficiency in the organization. Another study by Kiggundu (2010) suggests that organizations wishing to improve their performance should embrace a centralized decision making, formal structure and hierarchy as this would improve their overall performance. In addition, Maduenyi, et. al. (2015) that organizations should put in place a well defined structure in line with their strategic plan as this would ensure the flawless implementation of the strategies, leading to improved organizational performance.

Statistical Analysis for Multiple Regressions

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.748(a)</td>
<td>.608</td>
<td>.574</td>
<td>.27203</td>
</tr>
</tbody>
</table>

Source: Research data, 2019

Table 2 shows that the R squared was 0.608 which was an indication that the four independent variables (leadership, organization culture, organization structure and availability of resources) could explain 60.8% of the dependent variable. This showed that the others factors not studied in this study explained 39.2% of the dependent variable (retail performance).
Table 3: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.908</td>
<td>.858</td>
<td>4.558</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Organization Structure</td>
<td>.592</td>
<td>.134</td>
<td>.513</td>
</tr>
</tbody>
</table>

a Dependent Variable: Retail Performance
Source: Research data, 2019

Table 3 showed that according to the intercept ($\beta_0$), when the four independent variables were held constant, the value of retail performance would be 3.908. Further, holding all the other independent variables constant, a unit increase in organization structure would lead to a 0.592 improvement in the retail performance. The relationship was significant as shown by a $p$ value of 0.000.

Summary of Findings

Effect of Organization Structure on Retail Performance

Based on the coefficient results, organization structure was the first and most significant independent variable ($p<0.05$; $\beta=0.513$; $t=6.117$). Majority of the respondents strongly agreed that the retail supermarket had a formal structure to guide its operations while 39% of the respondents agreed with the statement. 55% of the respondents on the other hand neither agreed nor disagreed that the formal structure had been communicated to all stakeholders while 45% of the respondents agreed with the statement. Further, 71% of the respondents agreed that the span of control within the organization was clearly outlined while 11% of the respondents neither agreed nor disagreed with the statement. 66% of the respondents agreed that the retail supermarket structure was flexible to allow any changes that may arise while 26% of the respondent neither agreed nor disagreed with the statement.

V. CONCLUSION

The conclusion from the study was that there was a positive relationship between organization structure and retail performance. This was an indication that the third objective was met and the third research question answered. The respondents somehow agreed that the retail supermarket had a formal structure to guide its operations and that the formal structure had been communicated to all stakeholders. The results conform with those of John (2017) who established that the ways a hierarchical structure interacts with each other affects the organizational performance. Further, the respondents agreed that the span of control within the organization was clearly outlined and that the retail supermarket structure was flexible to allow any changes that may arise. This is supported by Root (2017) who noted that organizational structure clearly sets out the lines of responsibilities thus boosting the efficiency in the organization. Another study by Kiggundu (2010) suggested that organizations wishing to improve their performance should embrace a centralized decision making, formal structure and hierarchy as this would improve their overall performance.

Recommendations

Based on the conclusion that the respondents somehow agreed that the retail supermarket had a formal structure to guide its operations, it is recommended that the formal structure should be clearly communicated to all the employees and major stakeholder. This will ensure that the hierarchy and lines of authority are clearly understood by all the stakeholders as they will be enlightened on the chain of command. This will ensure that there is no confusion or overlapping of roles during strategy implementation.

VI. REFERENCES


