The Factors Influencing Strategy Implementation In Family Owned Businesses In Kenya: A Case Study of Nairobi Place Ltd.

S. Mubia Wanjohi¹, Esther Waiganjo²

Abstract³
Strategy implementation is a set of decisions and actions that result in the translation of the strategic thought into organizational action where an organization moves from planning its work to working its plan in order to achieve the set objectives. This study sought to investigate the factors influencing strategy implementation in family owned enterprises in Kenya with specific reference to Nairobi Place Limited. The specific objectives of this study were: To establish the influence of decision making on strategy implementation of family owned business at Nairobi Place Limited, to examine the influence of culture on strategy implementation of family owned business at Nairobi Place Limited, to determine the influence of succession planning on strategy implementation of family owned business at Nairobi Place Ltd and to examine the influence of finance allocation on strategy implementation of family owned businesses at Nairobi Place Ltd. The study adopted case study research design and targeted all the 56 employees of Nairobi Place Limited. This was a census study and the researcher managed to get responses from 48 respondents representing 86% response rate. A semi-structured questionnaire was used to obtain information from the respondents. The questionnaires were administered through drop and pick method. The research findings revealed that decision making, succession planning, culture and finance allocation respectively influenced strategy implementation at family owned businesses in Kenya. With regards to decision making, the research findings revealed that there were hierarchical difficulties when making decisions aimed at implementing organizational strategies. The findings further revealed that majority of the respondents understood and subscribed to the organization’s mission and vision statements content to a great extent. With regards to succession planning, the findings revealed that the future of Nairobi Place Limited is bright. However, the future of the business did not match those of the family. The organization had efficient collecting revenues mechanisms from the services it offered to a great extent despite the insufficient budgetary allocation to reinforce strategy implementation. Based on the study findings the following specific recommendations are given: Management to adequately consult before making major strategy implementation decisions; prepare family members to take up management positions and efficiently run this business; increase budgetary allocation to implement various strategies and instill sound financial controls to help protect organizational ambitions.

Keywords: Strategy implementation, family owned businesses

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1. Introduction

While a large body of the management literature has concentrated on large publicly-owned businesses, in recent years a growing amount of research attention has been devoted to small firms, most of which are family owned. These companies play an increasingly crucial role in the most world economies (Nabil, Angelidis and Parsa, 2008). Family participation as managers and/or owners of a business can strengthen the company because family members are often loyal and dedicated to the family enterprise. However, family participation as managers and/or owners of a business can present unique problems because the dynamics of the family system and the dynamics of the business systems are often not in balance (Chakrabarty, 2009).

According to Canadian Federation of Independent Business survey of 2006, slightly more than one third of independent business owners plan to exit their business within the next 5 years and within the next 10 years two-thirds of owners plan to exit their business. The survey also found that small and medium sized enterprises are not adequately prepared for their business succession: only 10% of owners have a formal, written succession plan; 38% have an informal, unwritten plan; and the remaining 52% do not have any succession plan at all. The results are backed by a 2004 CIBC survey which suggests that succession planning is increasingly becoming a critical issue. By 2010, CIBC estimates that $1.2 trillion in business assets are poised to change hands. An illustration in point is the current court cases involving siblings of major companies. As is the case with many family-owned companies while the founder of the company is alive he may exercise full control and run the business on his terms.

Wanguhu, (2013) notes that succession is the death bed of many successful family enterprises and the handover to family has always proven to be a stumbling block. While remaining family owned issues of transparency and disclosure evade these enterprises and decisions undertaken by the executive family members hardly lend themselves to scrutiny and eventually result in disputes with the non-executive family members. Acquaah, 2007; Peng and Luo, 2000; Li and Zhang, 2007; Li et al., 2008) state that family businesses in African economies are facing institutional and business environments that are experiencing rapid changes, making it difficult to obtain the necessary resources for their business activities. The high levels of market imperfections and the weaknesses inherent in the market-supporting institutions and contract-enforcing mechanisms present serious challenges to family businesses in obtaining resources through arms-length transactions. It has been suggested that implementing well laid strategies and utilizing managerial networking relationships with external entities such as political leaders, government officials and community leaders in developing this strategies would provide firms with the opportunity to acquire the necessary resources for their business activities. This is especially relevant to family businesses because of their desire to develop enduring social relationships to create social capital with a wide variety of external entities with critical resources and capabilities (Arregle et al., 2007; Miller et al., 2009).

According to Nyamweya, (2004) in business environment today there is need for a participative approach to strategy implementation, due to the growing cognizance of highly dynamic environments so as to be able to create the intended results. Managers approach strategy implementation in organizations differently depending on the environmental and organizational factors therefore strategy implementation is context related. This is despite the significance contribution by family businesses to the Kenyan economy every business is faced with challenges, which include feuding, nepotism. Some people find it difficult to separate emotions with business while dealing with a family member. Losing non-family employees as a result of their limited opportunities for growth. Looking at the performance of these companies there is need to establish the nature of strategy implementation that makes them successful in the environment of operation.

Maalu (2010) research on succession strategy and performance of small and medium family businesses in Nairobi, Kenya where he recommended that there is need to develop family business infrastructure including establishment of professional support, legal systems and opportunities for learning succession best practices while being sensitive to the cultural orientation of the people. Muhia (2009) did a study on family business succession practices of private schools in Nairobi where she concluded that succession occurs over a long period of time; it begins even before heirs enter the firm and then proceeds through the formal
nomination of the successor, the transition phase and the actual take over. This study sought to bridge the existing knowledge gap by addressing the question: What are the factors influencing strategy implementation among family businesses in Kenya?

Objectives of the Study

- **General Objective**

  The general objective of the study was to investigate the factors influencing strategy implementation in family owned businesses in Kenya. A case study of Nairobi Place Ltd.

- **Specific Objectives**

  i. To establish the influence of decision making on strategy implementation of family owned business at Nairobi Place Limited.

  ii. To examine the influence of culture on strategy implementation of family owned business at Nairobi Place Limited.

  iii. To determine the influence of succession planning on strategy implementation of family-owned businesses at Nairobi Place Limited.

  iv. To examine the influence of finance allocation on strategy implementation of family-owned businesses at Nairobi Place Limited.

2. Literature Review

- **The Agency Theory**

  Traditionally, agency theory is employed to explore the relationship between a firm’s ownership and management structure and its financial performance. Where a separation of ownership and control exist, agency control mechanisms are put in place to align the goals of managers (agents) with those of owners (principals). Agency costs represent the costs of all activities and operating systems designed to align the interests and/or actions of managers with the interests of owners. Family involvement in a business has the potential to both increase and decrease financial performance due to agency costs (Chrisman et al. 2004).

  Family firms may significantly reduce agency costs and potentially enhance firm performance because the goals of the firm’s principals are aligned with its agents since they are typically one and the same (Chrisman et al. 2004; Dyer 2006); consequently, less monitoring of owners’ agents is needed. Lower agency costs in family firms could be due to high trust and shared values among family members (Dyer 2006). In addition, those family firms that have some objective standards for monitoring the performance of family managers and are willing to enforce discipline may realize the advantage of lower monitoring costs (Dyer 2003).

  On the other hand, family firms may incur significant agency costs due to the conflicts that accompany family involvement. Family members may have competing goals and values; different views within the family about the distribution of ownership, compensation, risk, roles, and responsibilities may lead to competition among family members (Dyer 2006). Governance arrangements of family firms need not remove nor even reduce agency costs due to altruism, which makes it difficult or even impossible for families to effectively monitor family members who work in the firm (Schulze et al. 2001; Schulze et al. 2003).

  Altruism is treating people for who they are rather than what they do is often seen as the cornerstone value in family firms. Schulze and co-authors (2001) argue that altruism can cause parents to threaten their children with moral hazards, meaning that altruism on the part of parents undermines effective monitoring. Specifically, altruism commonly found in family firms – the selfless regard for the well-being of other family members – may hurt firm value (Schulze et al., 2003). Deeply altruistic, family members subscribe to a curious mix of rationalities, juxtaposing contradictory economic and altruistic (non economic) motivations. Thus, family relations may make agency conflicts ‘more difficult’ to resolve (Schulze et al., 2001) because
relations between principals (family owners) and agents (family CEOs) are likely based on emotions, sentiments, and informal linkages, which may result in less effective monitoring and disciplining of family managers. Thus, altruism, especially parents’ failure to discipline underperforming adult children serving as family CEOs, creates agency problems (Schulze et al., 2003). Altruism adds a theoretically distinct set of self-control problems to the set of agency problems.” Such altruism takes place in other familial relationships as well, such as those between siblings (Dyer 2003). Greenwood (2003) believes that the idea of altruism expands many of the problems family businesses face; arranging them into an analytical framework enables the assessment of their effects on performance, for example, family members may not be the best qualified for positions to which they have the inside track, family members make shirk their work responsibilities or get a free rise because they aware that discipline is not forthcoming, and owners may be unwilling to relinquish control even though they are no longer capable of effective management.

The existence of social capital within the enterprise contributes to a reduction of agency costs as information asymmetries are reduced and the high commitment of managers and employees limits the danger of their following other objectives than the company. However, at the same time higher agency costs are incurred due to conflicting goals in the family, opportunism, shirking and adverse selection because of altruism, i.e., family members failing to monitor each other. (Dyer, 2006; Reid/Harris, 2004; Rogoff et al. 2003).

• Entrepreneurship Theory

The entrepreneurship theory provides a perspective from which to understand the family firm as an entity that comes about as a result of entrepreneurial process. Anthropological entrepreneurship theory says that for someone to successfully initiate a venture, the social and cultural contexts should be examined or considered. The cultural entrepreneurship model says that new venture is created by the influence of one’s culture. Cultural practices lead to entrepreneurial attitudes such as innovation that also lead to venture creation behavior. Individual ethnicity affects attitude and behavior (Baskerville, 2003) and culture reflects particular ethnic, social, economic, ecological, and political complexities in individuals (Mitchell et al., 2002a). Thus, cultural environments can produce attitude differences as well as entrepreneurial behavior differences (Baskerville, 2003).

Hall and Nordqvist (2008) while building on the works of Dyer (2006) argue that professionalization must take into consideration the unique particularities of the family firm particularly the cultural dimension. They argue that the cultural values, norms and meaning of the owner family are important particularities that would influence the success of professionalizing management and governance in a family firm. They therefore define professional management in a family business as in-depth enough understanding of the owner family’s dominant goals and meanings of being in business (cultural competence) to be able to make use of relevant education and experience (formal competence) in a particular business. Succession is an inevitable event in the life of a family business. The mode and the strategies employed to facilitate the trans-generational transition of ownership and control have been observed to have a significant influence on the survival and performance of family businesses.

Meijard (2005) simplifies the succession process into three levels of involvement of offspring: part-time employment, full-time employment and leadership role. On his part, Urassa (2009) uses three phases of succession that next-generation family members experience: personal development phase, business involvement phase and the succession phase. Most models depicting the succession process emphasize deliberate planning. None of them clearly identifies the succession process as an emergent phenomenon. Family and business are sociologically different systems (Sharma, 2004). Previous studies on family business have viewed the business a dual system consisting of the family on the one hand and the business on the other hand. Studies in family business recognize that family firms are so described because of the family members being involved in ownership, management and governance (Beirgel et al., 2003). These scholars observe that as the firm grows and as the family goes through the next generation, a trans-generational vision for the firm develops to guide the business reflecting a shift from family orientation to formal management systems and structures.
Besides the family dimension of succession, there is also the business management dimension. Business management succession has also been considered as another critical dimension in considering succession in family firms. Dyer (2006) refers to the concept of professionalizing business management. He considers that as the business grows, there is need to consider professionalizing the business by recruiting professional managers to optimize on the growth. He defined professional management as rational alternative to nepotism and familial conflicts that characterize family firms. He argued that the professional manager being well trained even sometimes to MBA level would make more rational decisions that would enable the firm to adapt well to its environment. Other attempts include Bergiel et al. (2003) who use the agency theory to explain that transition is a complex process and need to be handled carefully to avoid the agency problems of adverse selection and moral hazard that arise when managers are not owners.

- **Financial Capital/Liquidity Theory**

Empirical research has showed that the founding of new firms is more common when people have access to financial capital (Blanchflower et al, 2001). By implication this theory suggests that people with financial capital are more able to acquire resources to effectively exploit entrepreneurial opportunities, and set up a firm to do so (Clausen, 2006). However, other studies contest this theory as it is demonstrated that most founders start new ventures without much capital, and that financial capital is not significantly related to the probability of being nascent entrepreneurs (Kim, Aldrich &Keister, 2003, Hurst & Lusardi, 2004, Davidson & Honing, 2003). This apparent confusion is due to the fact that the line of research connected to the theory of liquidity constraints generally aims to resolve whether a founder’s access to capital is determined by the amount of capital employed to start a new venture Clausen (2006). In his view, this does not necessarily rule out the possibility of starting a firm without much capital. Therefore, founders access to capital is an important predictor of new venture growth but not necessarily important for the founding of a new venture (Hurst & Lusardi, 2004). This theory argues that entrepreneurs have individual-specific resources that facilitate the recognition of new opportunities and the assembling of new resources for the emerging firm (Alvarez &Busenitz, 2001). Research shows that some persons are more able to recognize and exploit opportunities than others because they have better access to information and knowledge (Anderson &Miller, 2003, Shane 2000, 2003, Shane &Venkataraman, 2000).

- **Empirical Review**

A study by Dyer (2006) examines the performance of family owned firms. He suggests that the most of the research fails to clearly describe the family effect on organizational performance. The family effect based on agency theory and the resource-based view of the firm, is described and propositions and generated that examine the relationship between families and organizational performance. Implication for theory and research are also discussed.

Venter et.al (2006) studied successor-related factors that can influence the succession process in small and medium-sized family business are empirically investigated. This study was undertaken in South Africa among 2,458 owner-managers and successors in 1,038 family businesses. These respondents were identified via a snowball-sampling technique. A total of 332 usable questionnaires were returned. The dependent variable in this study, namely. The perceived success of the succession process is measured by two underlying dimensions: satisfaction with the process and continued profitability of the business the empirical results indicate that the successor-related factors that influence satisfaction with the process are, on the one hand, the willingness of the successor to take over and the relationship between the owner-manager and successor, on the other hand. The continued profitability of the business is influenced by the willingness of the successor to take over the business, the preparation level of the successor, and the relationship between successor and owner-manager. The relationship between owner-manager and successor is in turn influenced by the extent to which interpersonal relationships in the family can be described as harmonious. Based on these findings recommendation for successful succession are offered.

According to Massis et.al (2008) research on management’s succession is a dominant in the family business literature. Little systematic attention has been given to the factors that prevent intra-family Succession from occurring smoothly. Studies by Obare, (2006),Koske (2003), Lumiti, 92007),Ateng, 2007)
S. M. Wanjohi & E. Waiganjo

concorded that good strategies have been written but very little has been achieved in their implementation. However, these studies do not explain the factors that influence strategy implementation.

3. Methodology

The data generated by questionnaires was checked, edited organized and coded by computer to reduce the mass of data obtained into a form suitable for analysis. The coded data was then analyzed using Statistical Package for Social Science Programme (SPSS) version 20.

Both descriptive and inferential statistics were used in analyzing data. According to Krathwohl (1993), descriptive statistics is the analysis of data that helps describe, show or summarize data in a meaningful way which allows simpler interpretation of the data. Inferential statistics enables precise and informed conclusions that can be generalized about a population. This entailed frequencies and percentages, means and standard deviations and regression analysis. Prior to data analysis the questionnaires were coded based on a five point likert scale used in the questionnaire. The research findings were presented in form of tables and graphs. The findings obtained were discussed and formed the basis for the research findings, conclusion and recommendations.

4. Results and Discussion

• Study Variables

The study sought to investigate factors influencing strategy implementation in family owned businesses in Kenya. Specific reference was given to Nairobi Place Limited. Four major factors were considered ranging from: Decision making; culture; succession planning and finance allocation.

• Decision Making

<table>
<thead>
<tr>
<th>Table 1: Descriptive Statistics on Decision Making</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees at Nairobi Place Limited are actively involved in decision making aimed at implementing organization strategies</td>
<td>3.8676</td>
<td>.59777</td>
</tr>
<tr>
<td>There are hierarchical difficulties when making decisions aimed at implementing organizational strategies</td>
<td>3.9706</td>
<td>.59612</td>
</tr>
<tr>
<td>There are clearly set structures guiding decision making at Nairobi Place Limited Management at Nairobi Place Limited has put in place efficient communication channels to facilitate faster decision making aimed at implementing strategies</td>
<td>3.8676</td>
<td>.73107</td>
</tr>
<tr>
<td>All stakeholders are adequately represented in decision making at Nairobi Place Limited</td>
<td>3.7794</td>
<td>.68775</td>
</tr>
<tr>
<td>The management adequately consults before making major decisions affecting strategy implementation</td>
<td>3.7353</td>
<td>.68279</td>
</tr>
<tr>
<td>Overall Mean</td>
<td><strong>3.7050</strong></td>
<td></td>
</tr>
</tbody>
</table>

Respondents were required to indicate their level of agreement with various decision making aspects. Items that were measured on a five point Likert-Type scale ranging from 1 being “Strongly Disagree” to 5 being “Strongly Agree”. Means of between 3.71- 3.9706 and standard deviations of between 0.59612-0.73107 were registered. It was clear from the study findings that there were hierarchical difficulties when making decisions aimed at implementing organizational strategies (3.9706). Further, the research findings revealed that employees at Nairobi Place Limited were actively involved in decision making and that there were clearly set structures guiding decision making at Nairobi Place Limited to a great extent (3.8676). On the other hand, majority of the respondents were of the opinion that the management made consultations to a moderate extent before making major decisions affecting strategy implementation. These findings complement the findings of Lee & Li (2009) who argues that a lot of the decision making process is
controlled by the family patriarch. In most cases, the decision making by the founder is liken to the authoritarian style, and everyone follows it without questioning the decision or the process of carrying out the decision (Tisue, 1999). The findings are as presented in Table 1.

- **Culture**

  Respondents were further required to indicate their level of agreement with various aspects on culture and strategy implementation. Items that were measured on a five point Likert-Type scale ranging from 1 being “Strongly Disagree” to 5 being “Strongly Agree”. Means of between 2.1357- 3.8676 and standard deviations of between 0.54374-0.78451 were registered. It was clear from the research findings that majority of the respondents understood and subscribed to the organization’s mission and vision statements content to a great extent (3.8676). On the other hand, it was clear that Authority at Nairobi Place Limited was not decentralized hence difficult in strategy implementation (2.1357). Further the findings revealed that employees at Nairobi Place Limited were not committed to implementation of organization strategies (2.4559). These findings contradict the findings of Aguilla (2003) who contends that a key purpose of performance management is to align the entire organization behind the goal of turning the strategic plan into effective action. This can be achieved by ensuring that management communicates with employees to involve them in the process in order to empower them to implement change, and to create a culture that energizes employees and inspires them to work together to achieve the strategic goals. The findings are as shown in Table 2.

<table>
<thead>
<tr>
<th>Table 2: Descriptive Statistics on Culture</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I understand and subscribe to the Nairobi Place Limited mission and vision statements and content</td>
<td>3.8676</td>
<td>.54374</td>
</tr>
<tr>
<td>Employees at Nairobi Place Limited comply with corporate rules and regulations</td>
<td>3.8529</td>
<td>.65254</td>
</tr>
<tr>
<td>The operational manuals and guides are easily accessible at Nairobi Place Limited</td>
<td>3.7794</td>
<td>.76968</td>
</tr>
<tr>
<td>Authority at Nairobi Place Limited is decentralized hence easy strategy implementation</td>
<td>2.1357</td>
<td>.76968</td>
</tr>
<tr>
<td>There is efficient employee coordination and integration at Nairobi Place Limited</td>
<td>3.7647</td>
<td>.64917</td>
</tr>
<tr>
<td>Organizational leadership at Nairobi Place Limited takes responsibility towards ensuring tranquility in the team implementing organizational strategies</td>
<td>3.7353</td>
<td>.76525</td>
</tr>
<tr>
<td>Top management at Nairobi Place is committed in conflict resolution</td>
<td>3.7353</td>
<td>.78451</td>
</tr>
<tr>
<td>Employees at Nairobi Place Limited are committed to implementation of organization strategies</td>
<td>2.4559</td>
<td>.78100</td>
</tr>
<tr>
<td>Overall Mean</td>
<td>3.4159</td>
<td></td>
</tr>
</tbody>
</table>

- **Succession Planning**

  Respondents were further required to indicate their level of agreement with various aspects on succession planning and strategy implementation at Nairobi Place Limited. Items that were measured on a five point Likert-Type scale ranging from 1 being “Strongly Disagree” to 5 being “Strongly Agree”. Means of between 1.8971-3.8971 and standard deviations of between 0.57149-0.79230 were registered. It was clear from the research findings that the future of this business looks bright (3.8971) and that major investments at Nairobi Place Limited were held by family members (3.8382). However, the research findings revealed that the future of this business did not match those of the family (1.8971). Further, it was clear that majority of the family member did not have the necessary competence to run the business hence a major challenge for effective succession planning. These findings are similar to the findings of Royer, et.al (2008) who argues that succession is a challenge to family businesses particularly the trans-generational handover. Elsewhere,
Price Waterhouse Coopers (PwC) global family business survey of 2007/2008 indicates that only one-third of family businesses worldwide, manage the transition from one generation to the next. The findings are as shown in Table 3.

<table>
<thead>
<tr>
<th>Table 3: Descriptive Statistics on Succession Planning</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The future of this business matches that of the family</td>
<td>1.8971</td>
<td>.73586</td>
</tr>
<tr>
<td>The future of this business looks bright</td>
<td>3.8971</td>
<td>.69411</td>
</tr>
<tr>
<td>All family members have been adequately prepared to run this business efficiently</td>
<td>2.8676</td>
<td>.59612</td>
</tr>
<tr>
<td>Major investments of this business are controlled by family members</td>
<td>3.8382</td>
<td>.78437</td>
</tr>
<tr>
<td>Family members of this business have the adequate competence necessary to run this business</td>
<td>2.8382</td>
<td>.72504</td>
</tr>
<tr>
<td>Family members have been adequately prepared to take up management position in this business</td>
<td>2.8235</td>
<td>.57149</td>
</tr>
<tr>
<td>This business can accommodate more family members at the top</td>
<td>3.7794</td>
<td>.75004</td>
</tr>
<tr>
<td>Family members are actively involved in the running of this business</td>
<td>3.7647</td>
<td>.67177</td>
</tr>
<tr>
<td>Family members are always prepared for transition and control of the family business</td>
<td>2.6176</td>
<td>.79230</td>
</tr>
<tr>
<td>Overall Mean</td>
<td>3.1470</td>
<td></td>
</tr>
</tbody>
</table>

- **Finance Allocation**

  Respondents were further required to indicate their level of agreement with various aspects on finance allocation and strategy implementation at Nairobi Place Ltd. Items that were measured on a five point Likert-Type scale ranging from 1 being “Strongly Disagree” to 5 being “Strongly Agree”. Means of between 2.5735 - 3.5882 and standard deviations of between 0.59261-0.79617 were registered. The research findings clearly revealed that Nairobi Place Limited had efficient collecting revenues from the services it offered to a great extent (3.5882). On the contrary the findings revealed that the organization did not have sufficient budgetary allocation in place to reinforce strategy implementation as shown by the low means registered (2.4353). Further, the findings also indicated that the organization had weak financial controls to help protect the organization’s strategic ambitions (2.5765). The emerging Strategic Entrepreneurship literature (Ireland, Hitt, &Sirmon, 2003) has recognized explicitly that there is a need to examine how entrepreneurial firms access the resources and capabilities they need in order to exploit successfully entrepreneurial opportunities. In this context, family firms, too, face the challenge of accessing the resources and capabilities, which they require to develop new opportunities (Webb, Ketchen, & Ireland, 2010). The findings are as shown in Table 4.

<table>
<thead>
<tr>
<th>Table 4: Descriptive Statistics on Finance Allocation</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nairobi Place Limited has sufficient budgetary allocation in place to reinforce its strategy implementation</td>
<td>2.4353</td>
<td>.63757</td>
</tr>
<tr>
<td>Nairobi Place Limited has strong financial controls to help protect the organization’s strategic ambitions</td>
<td>2.5765</td>
<td>.74195</td>
</tr>
<tr>
<td>Nairobi Place Limited has allocated sufficient funds to conduct internal and external audits</td>
<td>2.6471</td>
<td>.59261</td>
</tr>
<tr>
<td>Nairobi Place Limited has adopted a variety of tools to ensure that financial resources are well utilized</td>
<td>2.6471</td>
<td>.66388</td>
</tr>
<tr>
<td>Nairobi Place Limited is efficient in collecting revenue from services offered</td>
<td>3.5882</td>
<td>.79617</td>
</tr>
<tr>
<td>Nairobi Place Limited has an advantage of accessing external funding from development partners and agencies</td>
<td>2.5735</td>
<td>.71896</td>
</tr>
<tr>
<td>Overall Mean</td>
<td>2.8113</td>
<td></td>
</tr>
</tbody>
</table>
• Correlation Analysis

Correlation analysis models the relationship between the dependent variable which was strategy implementation and the independent variable which were decision making, culture, succession planning and finance allocation.

The correlation analysis results presented in Table 5 reveal that there is considerably a strong positive correlation between the variables. Specifically, it is noted that there is a strong positive relationship between decision making and strategy implementation at Nairobi Place Limited (n=48, r = .730, p < .05). Further the research findings also revealed that there was also a strong positive relationship between culture (n=48, r = .641, p < .05) and succession planning (n=48, r = .582, p < .05). However, there was weak positive relationship between finance allocation and strategy implementation (n=48, r = .382, p <0.05). These results were all positive and statistically significant, hence supporting the fact that the factors under study had a positively and significantly influenced strategy implementation. The statistical significance is indicated by the low p values i.e. P values of less than 0.05. The findings therefore revealed that decision making, succession planning, culture and finance allocation respectively influenced strategy implementation at family owned businesses in Kenya.

| Table 5: Correlation Matrix for Factors Influencing Strategy Implementation |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1 Decision making | Pearson Correlation | Sig. (2-tailed) | N |
| | | N | |
| 2 Culture | Pearson Correlation | Sig. (2-tailed) | N |
| | | N | |
| 3 Succession planning | Pearson Correlation | Sig. (2-tailed) | N |
| | | N | |
| 4 Finance allocation | Pearson Correlation | Sig. (2-tailed) | N |
| | | N | |

* Correlation is significant at the 0.05 level (2-tailed).

Summary

The study sought to investigate the factors influencing strategy implementation in family owned businesses in Kenya with specific reference to Nairobi Place Limited. The specific objectives of the study were: To establish the influence of decision making on strategy implementation of family owned business at Nairobi Place Limited, to examine the influence of culture on strategy implementation of family owned business at Nairobi Place Limited, to determine the influence of culture on strategy implementation of family owned business at Nairobi Place Ltd, to determine the influence of succession planning on strategy implementation of family owned business at Nairobi Place Ltd and to examine the influence of finance allocation on strategy implementation of family owned businesses at Nairobi Place Ltd.

The study was a case study of Nairobi Place Limited in Nairobi County where employees were all employees were targeted. This was a census study given the small number of employees (56) at Nairobi Place Ltd. This research relied on primary data which was collected using a semi-structured questionnaire which contained open ended and close ended questions. The questionnaires were self-administered by the researcher and two research assistants. The researcher managed to obtain information from 48 respondents hence a response rate of 86%. Cronbach Alpha Coefficients were obtained to establish the reliability of data. The coefficients were above the required 0.7 hence accepted.

With regards to decision making, the research findings revealed that there were hierarchical difficulties when making decisions aimed at implementing organizational strategies. Further, the research findings
revealed that employees at Nairobi Place Limited were actively involved in decision making and that there were clearly set structures guiding decision making at Nairobi Place Limited to a great extent. The findings complement the findings of (Lee & Li, 2009) who argues that a lot of the decision making process is controlled by the family patriarch. In most cases, the decision making by the founder is liken to the authoritarian style, and everyone follows it without questioning the decision or the process of carrying out the decision.

Organization culture is one of the key factors influencing strategy implementation in any organization. The research findings revealed that majority of the respondents understood and subscribed to the organization’s mission and vision statements content to a great extent. However, authority at Nairobi Place Limited was not decentralized hence difficult in strategy implementation. These findings are similar to the findings of Poister and Streib (1999) who contend that the overall purpose of strategic management is to develop a continuing commitment to the mission and vision of the organization, nurture a culture that identifies and supports the mission and vision, and maintain a clear focus on the organization’s strategic agenda throughout all its decision processes and activities.

With regards to succession planning, the findings revealed that the future of Nairobi Place Limited is bright. However, the future of the business did not match those of the family. Further, it was clear that majority of the family members did not have the necessary competence to run the business hence a major challenge for effective succession planning. The cases of failed stock brokerage firms of Francis Thuo and Partners, Nyaga Stock Brokers and Discount Securities have been attributed to failed succession (Aron 2009). Family legal tussles between Kirima and son (a case that was in court in 2010) was yet another indication of challenges families face in business succession. Anecdotal evidence indicates that despite the challenges, there also exist success stories.

Strategy implementation in any organization requires funds. The research findings clearly revealed that Nairobi Place Limited had efficient collecting revenues from the services it offered to a great extent. However, it was clear that the organization did not have sufficient budgetary allocation in place to reinforce strategy implementation. Equally, financial controls in the same organization were weak thus make it hard for the organization to protect its strategic ambitions.

5. Conclusions

The objective of this study was to investigate the factors influencing strategy implementation in family owned businesses in Kenya. Based on previous studies, the variables under study were expected to have a positive influence on customer behaviour. The study findings indicate that the factors under study had a positive effect on strategy implementation. The findings therefore revealed that decision making, succession planning, culture and finance allocation respectively influenced strategy implementation at family owned businesses in Kenya.

6. Recommendations

Strategy implementation in an organization is a clear indication that an organization is meeting its long term and short term objectives. With due regard to the ever increasing desire to have high organization performance in family owned businesses in Kenya, there is need for management of this organizations to consider various factors influencing strategy implementation. Specifically this study recommends the following: (a) Management of Nairobi Place Limited to adequately consult relevant stakeholders before making major strategy implementation decisions. This will go a long way in ensuring ownership of the strategic direction adopted by the organization. (b) There is need to sensitize employees at Nairobi Place Limited on various strategies the organization is adopting so as to have their ownership which make them more committed in their work. (c) There is dire need to prepare family members to run this business efficiently specifically as pertains to enabling them acquire the relevant skills and competencies to take up management positions. d) Management to consider increasing budgetary allocation for strategy
implementation (e) Management should also instill proper financial controls to help protect organization ambitions.

Areas for Further Research
This study is a milestone for future research in this area, particularly in family owned businesses. First, this study focused on strategy implementation at Nairobi Place Limited and therefore, generalizations cannot adequately extend to other family owned businesses in Kenya. Based on this fact among others, it is therefore, recommended that a broad based study covering major family owned business in Kenya be done to find out factors influencing their strategy implementation. Future research should also focus on other factors influencing strategy implementation in both private and public institutions.

References


