DETERMINANTS OF STRATEGY EXECUTION IN SHIPPING COMPANIES IN KENYA

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Determinants of Strategy Execution in Shipping Companies in Kenya

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DECLARATION

DECLARATION

This thesis is my original work and has not been presented for a degree in any other university.

Signature...................................... Date. 15-10-2017

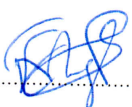**Eric Lewa Katana**

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DEDICATION

I dedicate this work to my beautiful, caring and loving wife Atieno Akumu. She has not only been an inspiration for me to complete this doctorate degree but has constantly reminded me that God is the potter and I am just a piece of clay. Above all, she ensured my cup of coffee was always full as I burnt the midnight oil. To my precious daughter Lewanna Lewa, you are a blessing and God's gift to us- this is for you. To my entire family, be motivated by this attainment, God answers prayers.

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LIST OF ABBREVIATIONS AND ACRONYMS

AIMS	Africa's Integrated Maritime Strategy
AMTC	African Maritime Transport Charter
ANOVA	Analysis of Variance
CEO	Chief Executive Officer
CFO	Chief Finance Officer
COO	Chief Operating Officer
GDP	Gross Domestic Product
GOK	Government of Kenya
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KIFWA	Kenya International Freight and Warehousing Association
KMA	Kenya Maritime Authority
KMO	Kaiser-Meyer-Olkin
KPA	Kenya Ports Authority
KRA	Kenya Revenue Authority
KSAA	Kenya Ships Agents Association
KSC	Kenya Shippers Council
RBV	Resourced Based View
ROK	Republic of Kenya
SARFIT	Structural Adaptation to Regain Fit
SCP	Strategy Communication Plan
SE	Standard Error
SPSS	Statistical Package for Social Sciences
UNCTAD	United Nations Conference on Trade and Development
VIF	Variance Inflation Factors

DEFINITION OF TERMS

Organization Structure: consists of lines of authority, reporting and coordination as well as real and perceived career paths and decision making authority (Hrebiniak, 2005). It entails activities such as task allocation, coordination and supervision, which are directed towards the achievement of organizational aims.

Organizational Culture: Ravasi and Schultz (2006) define organizational culture as a set of shared mental assumption which guide action and explanation in organizations through the definition of appropriate behavior for different situations.

Strategic Leadership: Strategic leadership is defined as the leader's ability to anticipate, envision, and maintain flexibility and to empower others to create strategic change as necessary (Hitt, Ireland, & Hoskisson 2007).

Strategic Management: The art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives (David, 2009).

Strategy Execution: is the practice of translating, communicating, coordinating, adapting and allocating resources to a chosen strategy; while managing the process of strategy implementation (Kaplan & Norton, 2008). Strategy execution is an ongoing process that monitors and makes adjustments to the strategy implementation process. The strategy execution process therefore is the process of making the organization ready for implementation.

Shipping Liner Service: this is a service that operates within a schedule and has a fixed port rotation with published dates of calls at the advertised ports. It generally fulfills the schedule unless in cases where a call at one of the ports has been unduly delayed due to natural or man-mad causes (Kaveke, 2014)

Shipping Agents (tramp): A tramp service or tramper is a ship that has no fixed routing or itinerary or schedule and is available at short notice (or fixture) to load any cargo from any port to any port (Kaveke, 2014).

ABSTRACT

The concept of strategic management in business industry has attracted great attention in the past two decades, and the component of successful strategy execution of it is key for any organizations survival. Many organizations find it difficult to sustain their competitive advantages, despite having a robust strategy formulation process. The study reviewed relevant literature and theoretical underpinnings to address the research objective. The study was guided by four specific objectives: to establish the influence of organizational structure on strategy execution in shipping companies in Kenya, to determine the influence of organizational resources on strategy execution in shipping companies in Kenya, to examine the influence of strategic leadership on strategy execution of shipping companies in Kenya, to determine the influence of organizational culture on strategy execution in shipping companies in Kenya. The study adopted a cross-sectional survey research design. The population of the research consists of the 38 shipping companies in Kenya as at 2015. The unit of analysis were the employees in charge of strategic management matters in the shipping companies in Kenya. The study adopted purposive sampling. The study used primary data collected using structured questionnaires which were pre-tested before being administered. The respondents comprised of the Chief Executive Officer (CEO), Chief Operations Officer (COO), Chief Finance Officer (CFO), Chief Information Officer (CIO) and the Business Development Officer. These officers were purposely selected due to their level of involvement in strategy execution matters in their respective shipping companies. Therefore the target population was 190 officers from the shipping companies in Kenya. Statistical Package for Social Sciences (SPSS) was used in data analysis where both descriptive and inferential statistics were applied. Further the collected data was sorted, coded and entered into SPSS for production of graphs and tables. A pilot study of 10% of the sample was done to check on validity and reliability. The research hypotheses adopted two approaches; one was testing the significance of the relationship and two, the goodness of fit of the relationship, i.e correlation and regression analysis respectively. The hypotheses were tested within the 95% level of confidence interval or 5% level of significance. Strategy execution was regressed against four predictor (independent) variables that capture key elements. The study used regression analysis to test the effect among the study variables. Regression results indicated that the strategic management determinants of strategic leadership, organization resources and organization culture were statistically significant in explaining strategy execution in shipping companies in Kenya while organization structure was statistically insignificant. From the study, it is possible to conclude that the shipping companies in Kenya are not fully embracing the strategy execution initiatives within them. Therefore in order to survive and prosper in a rapidly changing business environment, the companies should strive to maximize on the determinants that influence strategy execution in their companies. Further the Kenyan maritime regulators should assist the shipping companies in identifying leaders with the right expertise and experience in leading the shipping companies in Kenya to execute their strategies effectively. The regulators should also ensure that the policies and guidelines are put in place that can clearly guide who is to lead these companies. The

shipping companies should collaborate with government agencies and other privately owned companies to learn on the best practices of strategy execution.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Successful CEOs understand the need for a sound business strategy and invest significant time, effort, and money in strategy development. But the real value of strategy can only be recognized through execution - the ability to execute strategy is more important than the quality of the strategy itself (Martin, 2010). While this may run counter to deeply entrenched beliefs, the new emphasis on execution reveals a simple truth: it doesn't matter how good the plan is if you can't make it happen. Holbeche (2015) further avows that organizations find themselves in an "execution trap" – the inability to execute a well-designed strategy. Most companies have the know-how and insight to create the right strategy - executing it, however, is another matter. While many people believe that formulating an innovative and unique strategy is critical and by it self-sufficient to lead a firm to success in today's business world, ensuring that such a strategy works is equally as important. Executives should pay careful attention to the execution of strategies to avoid common pitfalls that result in failure. A number of approaches that greatly enhance the effectiveness of strategy execution can be employed. Indeed, good strategic management is a function of people actively considering strategy as they make day-to-day decisions in an ever-changing world.

Business organizations' interest in strategy execution has grown in recent years and will continue to do so. The inability of business organizations to effectively execute their corporate strategies is one of the major factors limiting their success. Shipping companies operate in an unpredictable business environment which is constantly changing and consumer tastes and preferences are always evolving hence execution of strategies very essential in the performance of the sector (Schiffman & Kanuk, 2014). A global report from the Conference Board in 2006 found that consistent execution of strategy by top management is one of the top 10 challenges facing

CEOs, with a third choosing it as the challenge "of greatest concern." Overall, consistent execution of strategy by top management ranked third of 91 challenges (Conference Board 2005, 2006). Clearly, the ability to transform strategic plans into action is a universal concern. The pace of change itself poses many obstacles to successful strategy execution - often before the planning process is even finished, that well-crafted plan is obsolete. More important, many companies lack the tools for turning strategy into an execution process that guarantees accountability and yet is adaptable to change (Kaplan & Norton, 2008). Successful CEOs know that strategy gets you to the starting line, but its execution that gets you to the finish line (Zagotta & Robinson, 2012). The inability of organizations to effectively execute their corporate strategies is one of the major factors limiting their success. Strategy helps the organization to meet its uncertain situations with due diligence. Without a strategy, the organization is like a ship without a rudder. It is like a tramp, which has no particular destination to go to. Without an appropriate strategy effectively executed, the future is always dark and hence, more are chances of organizational failure (Hrebiniak, 2006).

According to Bell, Dean, and Gottschalk (2010), strategy execution is commonly the most complicated and time-consuming part of strategic management, while strategy formulation is primarily an intellectual and creative act involving analysis and synthesis. Business leaders are under constant pressure from stakeholders to comply with their demands while maintaining the organization's competitiveness in increasingly complex markets. As a result, such leaders are striving to continuously formulate new strategies that will help them deliver more value to their customers and other stakeholders. Strategy is about designing and directing the journey which the company must take while it remains profitable. Strategy is about maintaining a sustainable business in the midst of changing market conditions. Pwc (2016) pointed out that few companies are able to successfully and sustainably close the gap between their strategy and their execution gap. The few coherent companies are those with the ability to align their value proposition with their distinct capabilities and their portfolio of products and services, thus bridging the strategy-execution gap.

Business organizations exist in an environment of competition where they use a number of resources (physical, organizational and human) to compete with other companies (Noe *et al.*, 2006). To deal effectively with everything that affects the growth and profitability of a firm, the managers employ management processes that they feel position it optimally in its competitive environment by maximizing the anticipation of environmental changes and of unexpected internal and competitive demands (Pearce & Robinson, 2007). To remain competitive organizations therefore need perfect processes that respond to increases in the size and number of competing firms. Organizations have therefore resorted to using strategies in their planning and management processes to remain competitive.

The practical purpose of strategy is to provide a plan that employs multiple inputs, options and outputs to achieve a company's policy goals and objectives (David, 2009). In order for management to realize the company strategy they need to have a firm understanding of which resources are key to the realization of the strategy as these will have an effect on how effectively management is able to realize the defined strategic plan. There are three criteria that take precedence over simplicity in business decision making: the solution must be implementable, it must not produce unacceptable adverse consequences and it must allow for flexibility (Dewar, Keller, McGurk, Mendonca, & Stephenson, 2009).

Strategy execution is an ongoing process that monitors and makes adjustments to the strategy implementation process. The strategy execution process therefore is the process of making the organization ready for implementation. It is in this stage the strategy is translated into workable plans and metrics that can be controlled. It is where the strategy gets communicated to the organization, so that everyone involved knows the "what", "why" and "how" of the strategy (Bob & Ron, 2004). It is where the people, departments, budgets and resources involved are allocated and coordinated in a cooperating symbiosis.

Strategy execution is also the medium through which the actual implementation is monitored, managed and adjusted to the experiences and consequences that the organization encounter, as a result of implementing the strategy - when the ideas and aspirations actually hit the real world.

1.1.1 Strategy Execution

Strategy execution deals with the managerial exercise of supervising the ongoing pursuit of strategy, making it work, improving the competence with which it is executed, and showing measurable progress in achieving the targeted results. Strategy implementation concerns the managerial exercise of putting a freshly chosen strategy into place. Execution of strategy is most often more crucial than the strategy itself (Hrebiniak, 2005). According to a study presented in Harvard Business Review, executional excellence is the largest challenge corporate leaders in Europe, Asia, and the United States are facing. The study also reveals that two-thirds up to three-quarters of companies are struggling with their strategy execution (Homkes, Sull & Sull, 2015). Strategy execution is a process comprising several sets of activities and decisions. All the different parts of the process are connected and interdependent. High performance and competitive advantage are not easily attained or retained by companies at present times. Globalization, rapid changes in technologies and broadened awareness of consumers are just a few examples of external market forces that shape companies' performance and competitiveness. Considering the developed competiveness of the business environment, the prerequisites for success should be established from within. In other words, companies need to build up a solid foundation, consisting of a well-thought-out, well-formulated and well executed strategy.

Strategy execution is a discipline, consisting of specific behaviours and techniques that companies need to master (Bossidy & Charan, 2011). Execution comprises coordination and integration of activities and the efforts of business units, departments, and individual employees. To implement strategies and to initiate strategic action, every member of an organization needs to be aligned with the strategy. Currently, when the global business environment experiences fast shifts and

turnarounds, it is essential for companies to be alert and adaptive in their operations. Successful execution is more important than ever (Bossidy & Charan, 2009). Strategy execution is the result of several decisions taken by employees in companies on a daily basis. Executives and managers can influence these decisions by clarifying decision rights, changing and adapting structures, aligning motivators for employees, and designing information flows (Martin, Neilson & Powers, 2008). Strategy execution is primarily anchored in the tactical level of the organization, while strategy implementation is primarily anchored in the operational level. Therefore strategy execution works as a medium between strategy formulation and strategy implementation.

Strategy execution is about seizing the opportunities that support the strategy and at the same time coordinate operations in every part of an organization. Execution is at its best when managers generate innovative solutions to unforeseen barriers and take advantage of unexpected opportunities (Homkes et al., 2015). Successful performance requires solid execution. Execution consists of several processes of connected activities that enable companies to make their strategies work. Execution needs to be planned carefully in order for strategic goals to be attained. However, execution brings about great challenges. Many factors such as politics, resistance to change, and inertia can hamper execution efforts. (Hrebiniak, 2005) When executing strategy, the focus should lay on the *how* and not on the *what*. It should be determined which operations and processes in a company are the most important for successful strategy execution. Then, resources should be pointed at making those processes as efficient as possible (Bradley, Dawson, & Montard, 2013).

The strategic plan and its implementation/execution are the focal points of any organization, be it for-profit or not-for-profit organization. To enable an organization to survive, remain relevant, competitive and grow, strategy execution forms a core part of overall organization growth and success. Whereas most organizations have good plans and strategies, successful strategy execution remains a major challenge. According to Mintzberg, (2008), 90% of well formulated strategies fail at implementation stage. Strategy execution comes after the formulation process but it

requires both planning, how choices of strategies are put into effect, and managing the changes that are required in the process. Strategy formulation and execution involve both tangible and intangible variables such as cultures, values, motivation, commitment, power relationships, and attitudes, perceptions, managing human and physical resources. Organizations that want to be successful must develop strategies and execute them successfully. If the strategies are developed without taking into consideration the organizational objectives, its execution will lead to problems hence failing (Bossidy & Charan, 2009).

1.1.2 Shipping Companies in Kenya

Mombasa is the headquarters of the shipping industry in East Africa and the great lakes regions that is the hinterland for the port of Mombasa. The shipping industry in Kenya is dominated by multi-national shipping lines whose vessels call at the port of Mombasa to discharge and load cargo. These multi-national firms have set up presence in Kenya either through their fully owned subsidiaries or through representative agents (KPA Handbook, 2015). These serve as client service centres as well as vessel handling and port operation/logistics offices. According to Kenya Maritime Authority website (2015), maritime transport takes care of 92 per cent of the country's international trade by volume and it's taking an exponential growth due to discovery of natural resources in the country as well as in the region. To tap on the potentiality of this industry, a strategic management approach through the institutionalization of sound strategy execution factors is paramount.

Kenya Maritime Authority (KMA) is charged with the statutory responsibility to coordinate the implementation of policies relating to maritime affairs and promote the integration of such policies into the national development plan. To deliver on this important mandate, KMA now wishes to engage the government, private sector and international partners to develop an action plan and road map for the development of the maritime sector to spur national economic development and bring about social progress for Kenyans.

This shipping business is generally a customer service business revolving around marketing and business development along with the operational handling of vessels in port. The client base consists of import and export customers, cargo forwarders, clearing agents acting for and on behalf of the importers/exporters, and logistics providers such as transporters and warehouse operators, container depot operators as well as independent Container Freights Station operators. On the periphery are regulatory stakeholders like the Kenya Revenue Authority, Kenya Ports Authority, Kenya Maritime Authority and their counterparts in the neighbouring countries that form the larger hinterland to the port of Mombasa (KPA Handbook, 2015).

Contemporary literature on strategy execution suggests that there is a huge gap between strategy formulation and strategy execution, i.e. between what companies intend to do and what they actually accomplish. The shipping industry in Kenya is not an exception to this regard. The overall world economic growth, and improvements in the economic conditions has changed people's lifestyles, which has contributed to an increase in demand for manufactured products and goods, and has led to a growth in transportation (Alizadeh & Nomikos, 2009). With the greater the demand, the greater is the need for transportation, which in turn increases the needs of import and export, this all translates to a greater demand in sea transportation. Alizadeh and Nomikos (2009) further argue that the growth in the international trade in the last century has led to the tremendous increase in shipping fleet's in order to meet the demands and requirements of the seaborne trade.

The pace of social and economic change is accelerating and increasing the risk of doing business. Competition has become stiffer and industries are becoming more concentrated. The shipping industry in Kenya has not been spared from the dynamism of the environment and has actually been caught at the center. Shipping is considered as the lifeblood of the global economy. More than 80% of the world goods are carried by ship (Mason & Nair, 2013). The global economic activities are changing and shipping industry is facing some structural changes. There is a dramatic shift in the world manufacturing and trading. The market and marketplaces are now global and production is located everywhere. The shipping business

environment is getting more instable, competition is increasing (Tongzon *et al*., 2009), profit margins are decreasing, expected service quality is increasing and demand is becoming more uncertain (Panayides & Wiedmer, 2011; Robinson, 2005).

Chege (2001) further stated that shipping services are classified into two basic categories, tramp and liner trade. Tramps are ships that call to load or discharge a specific, large (mostly homogeneous) cargo invariably on charter party terms. The distinguishing aspect of a tramp vessel is that it does not have to ply a specific route and will usually follow the demand for its tonnage. Liner ships, on the other hand, call specific ports on a regular advertised schedule and itinerary discharging and loading cargo at each of the ports to call. The shipping industry which comprises of 38 shipping companies as per the Kenya Ships Agents Association (2016), is one of the major driving forces behind the Kenyan economy, providing direct and indirect employment. Its liberalization has also enticed further presence of foreign owned liners, many stretching and redirecting their routes to more lucrative destinations. The Kenyan shipping industry comprises of shipping liners which function as the main global carriers such as Maersk Liner, CGM CMA, among others. Other players include the agencies that act as a contact between shipper and line, and clearing and forwarding agents, who assist in clearing cargo and in logistical delivery. The industry is regulated by the Kenya Maritime Authority (KMA) and the Kenya Ports Authority (KPA), whilst other major stakeholders include the Kenya Ships Agents Association, the Kenya Revenue Authority (KRA), the Kenya Shippers Council (KSC), and the Kenya International Freight and Warehousing Association (KIFWA). It is estimated that fifty ships of various types are in the major shipping lanes off the Kenyan coast at any given time. These can be characterized as follows: Oil tankers, bulk carriers, general cargo, container ships, passenger ships, tank barges, fishing trawlers, offshore supply, amongst others (UNCTAD, 2013).

1.2 Statement of the Problem

The shipping industry in Kenya is in the midst of a major structural and operational change. Its roles, functions and objectives are under review and sometimes even under attack, while its ownership, management and organization remain in a flux (Omingo, 2016).The maritime transport takes care of 92 per cent of international trade by volume and 70 per cent by value (UNCTAD, 2015). This trend is expected to grow with the discovery of more natural resources in the country as well as in the region. Kenya has the chance to maximize the benefits from the maritime sector due to its strategic location, coastline, and a steadily growing regional economy. There are opportunities in ship/boat building and repair, marine aquaculture, mariculture, maritime training, marine-based tourism, marine insurance, businesses and activities related to ports, port operations and relevant industries, shipping and logistics and commercial maritime support services, (Mohanty, Dash, Gupta & Gaur, 2015). These resources have not been fully exploited due to a multiplicity of actors with a disjointed approach to the development of the industry.

Following market liberalization, the shipping industry in Kenya is experiencing fierce competition between lines. Players have quickly acknowledged the imperativeness of a liberalized economic environment which (being more demand driven) leads to higher appreciation of the increased choice affordable to shippers who can no longer be taken for granted. Firms in this (shipping) industry like firms in other sectors of the economy need to devise strategies for effective competition. In spite of its important role in the economy, shipping is in turmoil due to over capacity, fragmentation and politicization of the industry. As a result of these restrictive practises the shipping industry has remained stagnant and lacks adaptability (Mwangi, 2016). Shipping companies are involved in local competition for exports/exporters and international/ overseas competition for imports. Since most of them are foreign owned, even their strategies are formulated in the mother countries.

These strategies are then executed/implemented in the organizations' subsidiaries located all over the world. In most cases these strategies do not fit on to those varying environments due to the difference in competitive variables. Therefore the varying circumstances and environments as well as the global operations of this industry make it unique and complex, thus called for a separate local study.

In the recent years, recognizing this economic resource idleness; a new phase in efforts by Africans to catalyze development of the continent and strengthen African integration and unity, has taken place through the formulation of three key documents, namely, the African Maritime Transport Charter, 2010, the 2050 Africa's Integrated Maritime Strategy; and Agenda 2063. The overarching vision of the 2050 AIM Strategy is to foster increased wealth creation from Africa's oceans and seas by developing a sustainable thriving Blue Economy in a secure and environmentally sustainable manner. Within the Agenda 2063 are action plans to connect Africa through world-class infrastructure, with a concerted push to finance and implement major infrastructure projects' that include, among others, strengthening the African Port and shipping sector as regional and continental assets and developing strategies to grow the African Blue Economy. Both the 2050 AIM-Strategy and Agenda 2063 take a long view of Africa's development aspirations. They set out a vision of transformative change: a future where Africa's resources are optimized for the benefit of all Africans.

Mwanje (2016) did a study on challenges of strategy implementation in selected sugar companies in Kenya and the findings indicated a statistical significant association between managerial skills, quality of workforce development and strategy implementation in sugar companies in Kenya. Kibicho, (2015) did a study on the determinants of strategy implementation in the insurance industry in Kenya the study found out that to a very great extent choice of strategies on advertising and promotion affects the strategy decisions of a company while to a great extent choice of staff; product development and choice of branch networks affects the strategy decisions of a company. Chiuri (2015) did a study on challenges of strategy implementation in higher education institutions in Kenya and the study revealed that

the overall model, organizational structure and managerial skills had an insignificant effect on strategy implementation resulting to an optimal model made up of organizational culture, external environment and human resource development . Disi (2008) did a survey of competitive strategies employed by shipping companies in Kenya and found that these companies employ competitive strategies to different degrees. Mugambi (2003) determined the strategic management practices of shipping companies in Kenya and found that these companies practice formal strategic management in various forms which include annual, developmental and complete strategic management. As a consequence, this study considered the least investigated determinants of strategy execution of organization structure, strategic leadership, organization culture and organizational resources. There is, therefore, a strong case for corporate strategy execution in shipping companies which operate in the maritime transport sector which is regulated by policies aimed at creating an enabling environment for development of national capacity to the country's trade and information supply chain. This is in tandem with the effort of the realization of Kenya's Vision 2030 strategy specifically the economic pillar that emphasizes on efficient and seamless transport system in supporting the blue economy. The blue economy strategy is poised to contribute to the growth of the Kenyan economy which is expected to grow at a rate of 10% per annum (ROK, 2013) as per the Vision 2030 GDP growth assumptions. It is in this view that the study sought to establish the determinants of strategy execution in shipping companies in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The study sought to investigate the determinants of strategy execution in shipping companies in Kenya.

1.3.2 Specific Objectives

The study was guided by the following specific objectives;

1. To determine the influence of organizational structure on strategy execution in shipping companies in Kenya.

2. To establish the influence of organizational resources on strategy execution in shipping companies in Kenya.

3. To determine the influence of strategic leadership on strategy execution in shipping companies in Kenya.

4. To establish the influence of organizational culture on strategy execution in shipping companies in Kenya.

1.4 Research Hypotheses

A hypothesis is a statement or explanation that is suggested by knowledge or observation but has not, yet, been proved or disapproved (Yin, 2014). The following null hypotheses were generated from reviewed literature;

H_{01}: Organizational structure has no positive significant influence on strategy execution of shipping companies in Kenya.

H_{02}: Organization resources have no significant influence on strategy execution of shipping companies in Kenya.

H_{03}: Strategic leadership has no significant influence on strategy execution of shipping companies in Kenya.

H_{04}: Organizational culture has no significant influence on strategy execution of shipping companies in Kenya.

1.5 Significance of the Study

Shipping companies in Kenya are going through changing times and are experiencing fundamental changes and other environmental dynamics which are having huge impacts on how they are managed, governed and their performance. These companies are now having to not only keep abreast of these emerging local and global issues, but more importantly how to adapt to achieve growth.

In line with this situation, the companies have been grappling with ideas and efforts on how to remain relevant and competitive in the turbulent maritime environment. A number of them have ventured into diversification as a strategy for survival. This research aims to take a critical look at the determinants of strategy execution of shipping companies in Kenya.

The findings of the study may be useful to policy makers by informing them on the determinants of strategy execution and by applying the findings and recommendations so as to improve the performance of this industry. To practioners, the findings may be useful in identifying the strategic management determinants of strategy execution. Strategic management policy makers would benefit from understanding the effective strategic management relationships that exist between different stakeholders in the industry. To scholars, the results would contribute to the existing knowledge on strategy execution as a key component in the strategic management process. It would also assist in providing sources of information for further research.

1.6 Scope of the Study

The study focussed on the determinants of strategy execution in 38 shipping companies in Kenya. The study targeted 190 management officers in the shipping companies. The shipping industry is highly volatile and competitive and players in this industry are operating in a very dynamic market. Consequently shipping companies continually strive to create, implement, assess, execute and improve on strategies so as to remain relevant and competitive in the market. Against this realization, the study deemed the shipping industry an appropriate target for study. The shipping companies were chosen because they play an important role in national economic development in the maritime sector and represent the extended arm of the Government, by providing transportation of key goods and services to the economy (Disi, 2008). The study was limited to four strategy execution thematic matters of organizational culture, organization resources, strategic leadership, and organization culture on strategy execution in shipping companies in Kenya. These thematic areas

are so chosen because they are considered as the people centric factors that directly affect strategy execution (DeLisi, 2004).

1.7 Limitations of the Study

Even though different efforts were made, the researcher faced some challenges while undertaking this study. To begin with, the respondents had been in a tight work schedule, some were not willing to fill the questionnaires due to mistrust. The respondents were assured that the research was purely academic and anonymity was assured and that the questionnaire would not consume much of their time. The topic of strategy execution has been given more attention in the developed world unlike in Kenya, which is a developing country. There was a limitation on the available literature on determinants of strategy execution in shipping companies in Kenya, from which lessons can be drawn from. To overcome the limitation, studies in other sectors were used to draw lessons to support empirical data, both globally and locally.

Lastly, since the respondents were scattered in different sites spread across the country, some difficulties were faced in giving orientations, following up respondents and collecting responses. This was mitigated by use of emails, telephone calls and research assistants to do follow-ups.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses the literature on strategy execution and its determinants. It is informed by a review of relevant literature and guided by the theoretical review, conceptual framework, review of key variables that have an effect on strategy execution in organizations.

2.2 Theoretical Framework

Li *et al*. (2010) argued that strategy execution is a complex phenomenon that can be looked at from different theoretical positions. Further in their study they noted that execution is critical to success as it represents a disciplined process or a logical set of connected activities that enables an organization to take a strategy and make it work. Without a careful, planned approach to execution, strategic goals cannot be attained. Developing such a logical approach, however, represents a formidable challenge to management. Even with careful development of an execution plan at the business level, execution success is not guaranteed. The execution of strategy is not a trivial part of managerial work; it defines the essence of that work. Execution is a key responsibility of all managers, not something that "others" do or worry about. Yin (2014) states that by building a theoretical framework that works as a blueprint for the study will guide the data collection and analysis.

Cooper and Schindler (2011), define a theory as a set of interrelated concepts, definitions, prepositions that have been put forth to explain or predict a scenario. The main essence of theory is to provide an explanation to both an observed phenomena and a tentative reality. According to Helmstine (2012), theory is a scheme of relations subsisting between the parts of a systematic whole with summary of hypothesis or group of hypotheses that has been supported with repeated testing and is valid as long as there is no evidence to dispute it.

2.2.1 The Resource Based View

The process of resource allocation is intimately connected to strategy. This process is a complex, simultaneous, dynamic, multilevel and multirole phenomenon. Capital allocation decisions were made as a part of this complex process by managers who may have conflicting roles and often are at the middle level of the organisational hierarchy. It also showed that structural context shaped the strategy (Bower, 1970) as cited by Pitelis and Teece (2010). The process of resource allocation is also influenced by the strategic context. Resource allocation is an iterative process (Noda & Bower 1996) and is a bottom up process. Penrose (1959) as cited by Waiganjo (2013) has become a 'canonical' reference for the work on resources and knowledge-based theories. The RBV is an interesting theoretical lens to analyse the competitive performance of different firms and understand their relative competitive advantages. The RBV is a theory about the nature of firms'(Lockett *et al*., 2009) and essentially revolves around path dependence and resource heterogeneity (Lockett & Thomson, 2001). A firm is considered as good as its resources and the rate of firm's growth is determined by managerial ability in utilising its resources The competitive advantage potential of these resources depends on their value to the firm, rarity and competitive inimitability (Barney, 2002).

The RBV has become one of the most influential perspectives in strategic management with rapid diffusion throughout the strategy literature (Lockett *et al*., 2009). The RBV emerged as a swing back within strategic management literature to focus on internal organizational factors unlike the external market focus of Industrial Organization (IO) economics. The RBV responds to the issues concerning inter-firm heterogeneity and has become one of the most influential perspectives in strategic management with the rapid diffusion throughout the strategy literature (Newbert, 2007). It builds on Penrose's (1959) as cited by Mwanje (2016) emphasis that firms are bundles of resources that provide services for growth. Wernerfelt (1984) coined the term – the Resource Based View.

The resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. It adopts two assumptions

in analysing sources of competitive advantage (Barney, 1991). First, the model assumes that firms within an industry may be heterogeneous with respect to the bundle of resources that they control. Second, it assumes that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms (i.e., some of the resources cannot be traded in factor markets and are difficult to accumulate and imitate). Resource heterogeneity (rare, inimitable and non-substitutable resources or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage. The argument goes "If all firms in a market have the same stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market".

The RBV emerged to respond to the issues concerning inter-firm heterogeneity and (Newbert, 2007). The value chain analysis emphasized the importance of internal factors in the value chain (Porter, 1980); however, the IO view did not place idiosyncrasies at the core of strategic value. The RBV identified resources with major causal importance for the firm's performance (Wernerfelt, 1984). The RBV holds that the competitive advantage depends on the distinctiveness of its heterogeneous resources. There are two major shortcomings within the IO based frameworks that the RBV responds to: (1) why do firms participating in industries with the same level of attractiveness post differing performances? (2) Why do firms participating in industries with different levels of attractiveness achieve similar performances?

Considering resource-based value retention, if an asset or idea is easily replicated and does not require special resources to exploit, then there are not supernormal profits available from it. However, if the asset is tightly protected by copyright or mechanistic means, then the firm should retain economic gains (Teece *et al*., 1997). Isolating mechanisms are implemented by organizations to prevent the diffusion of firm-specific resources and capabilities throughout the industry. This concept of resource position barriers stems from the ownership of resources that affect the cost and/or revenues of those who attempt to acquire the resources later.

RBV Theory is adopted to underpin the present study, in that, in view of the highly dynamic and competitive business industry, for successful strategy execution, with a view to earn competitive advantage and flourish in the market, the study assumed that shipping companies have to mobilize their pertinent resources key among which organization structure, resources, leadership as well as corporate culture. RBV was thus employed to aid in the understanding of how well firms ought to mobilize the resources to achieve successful strategy execution. This theory is also relevant to the study as it explains how resources at a firm's disposal are a critical factor to consider before making decisions on implementing strategies, analysing the environment or reviewing its leadership and top management team.

2.2.2 Strategic Leadership Theory

Strategic leadership theory is concerned with the leadership of organizations and are marked by a concern for the evolution of the organization as a whole, including its changing aims and capabilities (Selznick, 1984). The essence of strategic leadership involves the capacity to learn, the capacity to change and managerial wisdom (Boal & Hooijberg, 2001). According to Boal & Hooijberg (2001) strategic leadership focuses on the people who have overall responsibility for the organization and includes not only the head of the organization but also members of the top management team.

Activities associated with strategic leadership include making strategic decisions, creating and communicating vision of the future, developing key competences and capabilities, developing organizational structures, processes and controls; sustaining effective organizational cultures and infusing ethical value systems into the organization (Hunt, 1991; Ireland & Hitt, 1999). Strategic leaders with cognitive complexity would have a higher absorptive capacity than leaders with less cognitive complexity. To the extent that these leaders also have a clear vision of where they want their organization to go the absorptive capacity will have a greater focus. That is, strategic leaders look at the changes in the environment of their organization and then examine those changes in the context of their vision (Boal & Hooijberg, 2001).

This theory is relevant to the study as it highlights the functions of a leader and how they manage change and maintain proper organizational structures, processes and culture for success. The theory also emphasizes that the environment turbulence can also be maintained through strategic leadership.

2.2.3 Structural Contingency Theory

The contingency theory of organizational structure may be referred to more succinctly as structural contingency theory (Pfeffer, 1982). A challenge is that structural contingency theory is static and fails to deal with organizational change and adaptation (Galunic & Eisenhardt, 1994). It is true to say the heart of structural contingency theory is statics, in the sense that it deals with how a static state of fit between structure and contingency causes high performance (e.g. Woodward, 1965). However, structural contingency theory writings are within a functionalist tradition of social science (Merton, 1968) that sees organizations as adapting to their changing environments (Parsons, 1961). Therefore, organizations change from one fit to another over time.

More specifically, there is a process that has been articulated in the theoretical model of Structural Adaptation to Regain Fit (SARFIT) (Donaldson, 2001). An organization in fit enjoys higher performance, which generates surplus resources and leads to expansion (Hamilton & Shergill, 1992), such as growth in size, geographic extension, innovation or diversification. This increases the level of the contingency variables, such as size, leading to a misfit with the existing structure. The misfit lowers performance, eventually leading to a performance crisis and adaptive structural change into fit (Chandler, 1962).

This SARFIT theory subsumes several seminal works in structural contingency theory, such as Chandler (1962) on divisionalization changes in response to changing strategies and Bums and Stalker (1961) on changes from mechanistic to organic structures in response to technological and market change in the environment. Thus, the structural contingency theory tradition has always contained ideas about dynamics and these are formulated in the SARFIT theory.

Structural contingency theory, like sociological functionalism more generally, is often considered as being an equilibrium theory, in that organizations are depicted as attaining fit and then being in equilibrium and so remaining static. However, SARFIT is a disequilibrium theory of organizations (Donaldson, 2001). In SARFIT an organization only remains in fit temporarily, until the surplus resources from the fit-based higher performance produce expansion. This increases contingency variables, such as size or diversification, leading the organization into misfit with its existing structure.

Thus, in the SARFIT view, fit and misfit are each temporary states that alternate with each other. An organization in fit tends to expand into misfit, which provokes structural adaptation into fit, which then leads to further expansion into misfit. This cycle repeats itself over time. As the organization moves between fit and misfit so it has resultant higher and lower performance, respectively. Each phase of moving into misfit produces incremental increases in contingency (e.g., size). And each phase of moving into fit produces incremental increases in structure. Thereby, these increments accumulate over time and so tend to eventually produce growth from being a small, local and undiversified organization to being a larger, geographically widespread and diversified organization.

The theory underpins the present study in that there are factors affecting strategy execution in business companies. Not all organizations face similar environments, organizations differ in their form and complexity hence different ways of thinking about strategy may make sense in different circumstances.

2.2.4 Schein's Theory of Organizational Culture

According to Schein's (1981, 1985, and 1992) theory, organizational culture is defined as a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as a correct way to perceive, think and feel in relation to those problems (Schein, 1992).

According the Schein, organizational culture is the learned result of group experiences, and it is to a large extent unconscious (Schein 1992). Schein considers culture to be a three-layer phenomenon.

The first level of culture consists of visible organizational processes and various artefacts. For example, dress codes and the general tidiness of the workplace are artefacts' that tell something about the organization's culture. The first level, according to Schein, is difficult to interpret, however, because it represents the most superficial cultural phenomena, i.e. only reflections of the true corporate culture. For example, behavior .which is a cultural artefact is also influenced by countless factors other than a company's culture (Schein 1992).

The second cultural level in the Schein model consists of the organization's espoused values. These are apparent in, for example, the organization's official objectives, declared norms and operating philosophy. Espoused values, however, do not always reflect a company's everyday operations. Most important in terms of operations is the culture's deepest level, namely its underlying assumptions (Schein 1985, 1992).

In his book with the title -organizational culture and leadership- (Schien, 2004) defined cculture as both a dynamic phenomenon that surrounds us at all times, being constantly enacted and created by our interactions with others and shaped by leadership behaviour, and a set of structures, routines, rules, and norms that guide and constrain behaviour. When one brings culture to the level of the organization and even down to groups within the organization, one can see clearly how culture is created, embedded, evolved, and ultimately manipulated, and, at the same time, how culture constrains, stabilizes, and provides structure and meaning to the group members.

Also he has stated that being able to perceive and decipher the cultural forces that operate in groups, organizations, and occupations. Once we learn to see the world through cultural lenses, all kinds of things begin to make senses that initially were mysterious, frustrating, or seemingly stupid. Researchers have supported some of these views by reporting findings that cultural- strength or certain kinds of cultures correlate with economic performance (Sorensen, 2002).

The theory of organizational culture underpin the study as they explain how the companies plan, incorporate and execute their competitive strategies in the highly competitive and dynamic shipping industry through the factors of structure, resources, strategic leadership and culture.

2.3 Conceptual Framework

A conceptual framework is a basic structure that consists of certain abstract blocks which represent the observational, researchers own representation and analytical aspects of a process or system being conceived and presents the study variables and sub-variables in a diagrammatic form (Sekaran, 2013). Saunders, Lewis and Thornhill (2007) define a variable as an individual element or attribute upon which data have been collected, while Kisilu and Tromp (2006) say that the term variable is derived from variations. Variables are attributes or qualities of the cases that we measure or record. Cooper and Schindler (2006) looks at variable as a symbol of events, act, characteristic, trait, attribute that can be measured and to which we assign categorical value.

Organization structures
- Well-cordinated Functional units
- Strategic span of control
- CentralizationV/S decentralization

Strategic leadership
- Managers commitment
- Competent policy framework
- Supervision of strategic management activities

Organization Resources
- Efficiently utilization of resources
- Adequate human resources skills
- Technology adoption

Organization culture
- Employee resistance to change
- Best practices
- Shared senseof direction

Strategy execution
- Quality services
- Robust strategycontrol systems
- Competitive advantage

Independent Variables   **Dependent variable**

Figure 2.1: Conceptual Framework

The study conceptualizes that strategy execution (dependent variable) is influenced by independent variables, namely; organization structure, organization resources, strategic leadership and organization culture, this is shown in Figure 2.1. If these independent variables (determinants of strategy execution) are well taken care of or well-practiced in the organization, then it is highly anticipated that strategy execution results will be highly achieved and vice versa.

2.4 Review of Literature on Variables

2.4.1 Organization Structure

Organizational structure forms the study's first independent variable, measured by coordination of functional units**,** span of control**,** and centralization v/s decentralization of activities, reward system, level of delegation, internal control mechanisms, existing internal operating system and operating guidelines. Considering the reviewed literature regarding corporate structure, these measure take into account what researchers have presented as influencers of structure in strategy execution (Hitt, Ireland & Hoskisson, 2007). This variable was intended to show the shipping company's structure that make it possible to efficiently apply strategy execution practices.

Since the classic statement by Chandler (1962) that "structure follows strategy," there has been interest in the relationship between strategy and organizational dimensions such as structure. The relationship between the strategy and organizational dimensions has typically been explained in a sequential model where firms decide on a strategy and then put in place appropriate organizational choices such as structure, systems, rewards, and processes that support this strategy. An organization's structure is a means to help management achieve its objectives and because objectives are derived from the organization's overall strategy, it's only logical that strategy and structure should be linked. More specifically structure follow strategy. If management makes a significant change in its organizations strategy the structure will need to be modified to accommodate and support this change (Robbins, Judge & Campbell, 2010). Organization structure take on many

forms, including line and staff structures, functional structures, matrix structures, multidimensional matrix structures, strategic business units, laissez-faire structures and viral structures. According to a large-scale research of Neilson et al. (2008) about strategy execution, companies go straight to organizational restructuring instead of looking at the core causes of the problem, and then in the long term fail at executing strategy. It is important that the core problems are solved first by building the fundamental information flows and clarifying decision rights.

The organization structure of any organization has a role to play with regards to strategy execution (Heide *et al.,* 2012). An effective organizational structure can positively influence the strategy execution process while at the same time it can be an implementation barrier. According to Drazin and Howard (2009), a proper strategy-structure alignment is a necessary precursor to the successful implementation of new business strategies (Nobble, 2009). They point out that organizations need to constantly make adjustments to their organizational structure in line with the changes in the competitive environment require. Consequently firms that delay in making this realignment may end up exhibiting poor results which can place them at a serious competitive disadvantage. Schaap (2010) further suggested that the act of adjusting organizational structure with respect to a perfect strategy can greatly help to ensure successful strategy implementation.

The purpose of structure is the division of work among members of the organization and the coordination of their activities so they are directed towards the goals and objectives of the organization. Structure is the pattern of relationships among positions in the organization. Structure makes possible the application of the process of management and creates a framework of order and command, through which the activities of the organization can be planned, organized, directed and controlled (Govindarajan & Fisher, 2010). The structure defines tasks and responsibilities, work roles and relationships and channels of communications (Jones, 2004). Structure is clearly important in any organization, whatever its size. Structure is still surprisingly informative about strategic priorities and the work going on.

According to Drucker (1989), it is the correct design of structure that is of most significance in determining organizational performance. Good organization structure does not by itself produce good performance but a poor organization structure makes good performance impossible, improving organization structure will therefore improve performance. A basic structure distributes responsibilities among the members of a company. Its purpose is to contribute to the successful implementation of objectives by allocating people and resources to necessary tasks and designing responsibility and authority for their control and coordination, (Child, 2005).

Organization structure affects the execution of corporate strategy. In particular, structure affects the speed at which organizations can adopt to changing environments. To execute strategy effectively, executives and managers must make sound decision about structure and develop methods or processes to achieve the needed integration of structural units. Getting the structure right is the first step in organizational relationship between organizational structure and corporate strategy although the nature of this relationship and whether structure follows strategy or strategy follows structure is subject to debate (Lynch, 2003). The most immediate and accessible way to describe any formal organization is to outline its structure.

Indeed, modern organizations have built flexible structures which whenever possible encourage teamwork and conform to the speedily changing turbulent environment. The first task of an organization's leadership, therefore, is to choose the appropriate strategic approach in light of the challenges the organization faces. There are three factors that determine the right strategic approach: the structural approach in which the organization operates; its resources and capabilities; and its strategic mind-set. When the structural conditions of an industry or environment are attractive and the organization has the resources and capabilities to carve out a viable competitive position, the structuralist approach is likely to produce good returns. Even in a not so attractive industry, the structuralist can work well if a company has the resources and capabilities to beat out the competition (Kim & Mauborgue, 2009).

Every organization has a unique structure; an organizational structure is the reflection of company's past history, reporting relationships and internal policies. Matching structure to strategy involves making strategy critical activities the main building blocks in the organizations' structure. Implementing a new strategy often required new resources and skills for new activities. An organization cannot afford a mismatch between its strategy and structure, since a mismatch will lead to poor strategy implementation. Just as an organizations strategy needs to change with changing external environment, so must the strategy change for proper strategy implementation. If the organizations existing structure needs to be radically changed for successfully strategy implementation then the organization may need to rethink its strategy. There is no perfect or ideal organizational structure. The bottom line is once a strategy has been chosen; the structure must be modified to fit the strategy (Hitt, Ireland & Hoskisson, 2005).

2.4.2 Strategic Leadership

Strategic leadership formed the study's third independent variable, depicted by commitment to effective strategy execution practices, competent policy framework, proficient corporate management systems, supervision of strategy execution practices, monitoring of strategy execution initiatives, clear organization vision, empowering middle level managers and supportive organization infrastructure. This variable was intended to show how leadership can guide the rest of the organizational members to execute strategy. The role of the leader is important if an organization wants to implement a new strategy.

Leadership, and specifically strategic leadership, is widely described as one of the key drivers of effective strategy implementation (Thompson & Strickland, 2010; Freedman & Tregoe, 2003; Pearce & Robinson, 2007; Hrebiniak, 2005). However, a lack of leadership, and specifically strategic leadership by the top management of the organisation, has been identified as one of the major barriers to effective strategy implementation (Kaplan & Norton, 2004; Hrebiniak, 2005). Khan and Anjum, (2013) posit that strategic leadership is the key source of competitive advantage. The leadership is the important part of an organization. It is really believed that if

organization gain the competitive advantage in the market then it moves to the success of its business which can be measurable and manageable. For achieving competitive advantage for an organization the role of strategic leadership is very much important because the leadership is known as the back bone of an organization and the major source for gaining the competitive advantage (Ibid).

Successful companies work hard to execute the strategies that lead for good strategic leadership development. They create enterprise wide standards, practices, and metrics for recruiting talented leadership Al-Zoubi (2012). According to Dawson (2005) stated that a manager leadership can measurably increase employee performance and most of them leaving a firm. Studies show that when the strategic leadership style in an organization is improved there is much satisfaction by employees, regardless of occupation, and this enhances competitive advantage. A study on strategic leadership style in relation to employee turnover was carried. It found that the most important positive leadership factor was that of leaders showing genuine concern for their staff.

Leadership factor is most strongly associated with increased motivation and organizational commitment. Key to effective and management in general and engaging in strategic leadership in particular, is the level of self-awareness the manager has about their strategic leadership style and the impact it has on others (Johnston, 2005). Self-awareness can be developed through informally requesting feedback from one's boss, colleagues or staff. Strategic leadership is an incremental component that centres the existence, survival and functioning of any group or organization. Indeed the organization recognizes that their success is highly dependent upon the quality and effectiveness of this dimension. How people want to be managed and how people are being managed and the gap between contributes to either high or low turnover rate.

According to Earhart (2007) strategic leadership is the art of accomplishing more than the science of management. Strategic leadership is about knowing where we want to go and having an idea on how to get there. You must have an honest understanding of who you are, what you know, and what you can do. To be

successful you have to convince your followers, not yourself or your superiors, that you are worthy of being followed according to Alvan (2005). A well-managed authority with leaders who view themselves as stewards and guardians of the collective interests of the people will become a powerful force for good in the community, and a highly effective means to bring poor members out of poverty and into economic prosperity. This kind of leaders keeps the turnover of their employees at low pace.

Strategic leadership in labor turnover takes into account public policy, national values and ethics. It covers systems by which the individual corporation regulates itself for competitiveness and sustainability of airports authority through practices and procedures for supervising, monitoring, regulating and controlling its affairs. For companies to be efficient and productive in regard to reducing labor turnover, they must apply good governance practices that seek to ensure that the power of the organization is used in manner that ensures effectiveness, efficient, probity, fairness, transparency, discipline, accountability, responsibility, independence and social responsibility (Dawson, 2005).

Good strategic leadership style in any organization sustainability and employee joining and leaving strategies, involve better dissemination of information concerning all departments and coordinating their operating methods and practice to maintain basic uniformity, foster education, training of members, officials and employees of any organization. It fosters and promotes the organization's growth and is capable of promoting the investment and general welfare of their members in accordance with labor principles to be able to maintain the general public relation. Good leadership helps regulate mechanisms and performance in the work places as well as motivation of the employees which creates sustainability drive. According to Robbins (2003) for any organization to improve its sustainability, it must develop trusting relationship with those whom they seek to lead. Organizations are increasingly searching for leaders who can exhibit transformational leadership qualities. They want leaders with visions and charisma to carry out those visions. True strategic leadership effectiveness may be as result of exhibiting the right

behavior at the right time. Several identifiable actions characterize strategic leadership that positively contributes to strategy execution. These include, determining strategic direction, establishing balanced organizational controls, effectively managing the organization's resource portfolio, sustaining an effective organization culture and emphasizing ethical practices (Hitt et al., 2007).

2.4.3 Organization Resources

Resources was the study's second independent variable which was measured using efficient resource allocation, flow of activities based on resource availability, adequate and efficient human resources, adopted latest technological advancements, existing guidelines and adequate financial budgetary allocations.This variable is intended to show the shipping company's capabilities and resources that allow it to engage in activities to generate organizational success and competitive advantage.

The resources of the firm include land, equipment, labor (from top managers and employees' capabilities and knowledge), and capital (organizational, tangible, and intangible), in which these categories may be subdivided as far as it is useful for the problem at hand (Penrose, 1995). The resources of the firm refer to "all the assets, capabilities, organizational processes, firm attributes, information, and knowledge, which are controlled by the firms that enable them to conceive and implement strategies that improve efficiency and effectiveness" (Barney, 1991). Generally, heterogeneity of firm resources makes it difficult to measure the competitive advantage of individual resources that should meet four criteria: add positive value to the firm; be unique; be imperfectly imitable; and non-substituted by other resources. Having the critical resources is not enough; a firm must be able to formulate strategy and to deploy such resources in order to maximize profit. For this study, the resources of the firm are classified into three categories human, intangible, and tangible resources (Grant, 2002) that are expected to have an impact on firm' s competitive advantage.

According to Musuva *et al.* (2013) firm capabilities are important for international expansion and consequently firm performance. Firm capabilities help firms improve

international expansion activities by leveraging of available resources enabling them to be more adaptive in the international market place. Teece *et al.* (1997) argue that dynamic capabilities enable organizations to integrate, build, and reconfigure their resources and competencies and, therefore, maintain performance in the face of changing business environments.

The importance of resource strength to a firm's competitive growth was firstly recognized by Penrose (2010). Penrose contended that a firm consists of a collection of productive resources and its growth depends on the manner in which its resources are deployed. Following the early work in the emergence of firm resource strength (Teece, 2012; Wernerfelt, 2014), Barney (2012) formalized a comprehensive theoretical framework from the resources based perspective. According to Barney (2012), firms can be conceptualised as resource strengths that are heterogeneously distributed among firms and are imperfectly mobile. The differences in resource endowments across firms over time, thereby allows for a resource-based successful strategy implementation.

The fundamental suggestion for shipping companies' actions from the resource strength view is that firms select strategies to generate rents based upon their resource, capabilities and a fit with environment opportunities (Grant, 2011; Hunt & Morgan, 2010; Mahoney, 1995). 'For the firm, resources and products are two sides of the same coin' indicates that firms can earn above normal returns by identifying and acquiring resources that are critical to develop market demanded products (Wernerfelt, 2014). Therefore, firms seek to acquire and develop unique sets of resources and capabilities as a means to gain better strategy execution.

2.4.4 Organization Culture

Corporate culture constitutes the fourth independent variable, indicated by resistance to change, organization practices and behaviour, Shared values, meaning and understanding, communication processes, easy to execute manner of presenting strategy, compelling vision, acceptance of divergent views from employees, taking business risks and rewarding best performance. The variable is intended to

demonstrate the set values, beliefs and attitudes that characterize a shipping company and guide its practices (Bhatti, 2011).

According to Schein (2009) organizational culture is a collective behavior of people that are part of an organization. It is formed by the organization values, visions, norms, working language, systems, and symbols, beliefs and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational cultures affect the way people and groups interact with each other, with clients, and with stakeholders. Organizational culture is a strength that can be a weakness. It is strength because it eases and economizes communication, facilitates organizational decision making and control and may generate higher levels of cooperation and commitment to the organization which are necessary for strategy implementation. However it can be a weakness when important shared beliefs and values interfere with the need for business, its strategy and the people working on a company's behalf. This is a major weakness because it is hard to change the content of a culture (Pearce, 2003).

According to Buul (2010), a fundamental part of managing strategy implementation process should take into account organizational culture as a powerful aspect of status quo (Van Der Maas, 2008). Organizational culture plays a vital role in ensuring performance of employees and organization. Organizational culture entails values, beliefs, and practices which constitute the characteristics of an organization according to Gostick and Elton (2007). It is, therefore, a system of shared values that interacts with staff, structure, and control system of an organization as indicated by Rock (2006). It, therefore, defines behavioral norms of employee which lead to productivity of employee. Existing literature has explored links between organization culture and leadership (Block, 2003), performance (Ogbonna & Harris, 2002), change (Cunha and Cooper 2002), employee attitudes and behavior (Cabrera, 2001; Alas & Vadi, 2004), learning (Lea, 2003; Aksu & Ozdemir, 2005).

Organizational culture has a positive bearing upon human resource performance and development of employees. According to Biswas (2009) organizations which depict a high level of employee performance have a well-defined organizational culture. Employees adapt to this culture when they are employed in the organization. They utilize the culture values and practices when performing their duties and achieve success. Organizational culture is particularly vital in an organization since it ensures continuity of powerful informational and values of an organization according to Aksoy *et al.* (2014). It is this continuity of beliefs, ethics, art, law, skills, and habits which results in success of an organization. Organizational culture conveys a sense of identity for an organization's members, makes it easy to gain member commitment to something bigger than the self, enhances system stability and serves as a sense-making tool that can guide and shape members behavior (Alas et al. 2009; Cheung et al., 2012).

Thompson *et al*. (2007) define corporate culture as the character of a company's work climate and personality – as shaped by its core values, beliefs, business principles and policies, traditions, ingrained behaviours, work practices, and styles of operating. It is considered one of the success factors for strategy implementations because it influences the organization's actions, approaches to conducting business and the way of executing strategies. A company's culture can promote strategy execution, when its values are strategy-supportive and its practices and behavioural norms add to the company's strategy execution efforts (Thompson *et al*., 2007). A company's culture should encourage strategy thinking and dialogue, which helps to develop a strategically more aware workforce which is also more open to necessary strategy changes (Beaudan, 2007). It is the task of top management to foster a corporate culture that paves the way for the effective implementation of new strategies.

The culture of the organization so much influences the successful execution of strategy. The management should strive to perceive, emphasis and build upon an existing organizational culture that supports proposed new strategy while those that are perceived to be antagonizing successful implementation of the new strategy,

should be changed. These may be done through training, promotion, transfers, restructuring or organizational role modelling and position reinforcement. The success of strategy execution depends on organizational structure (Cheung et al., 2012). New strategy implementation require adjustment in the organizational structure that are more decentralized as they produce more successful strategy implementation regardless of strategic context. Different strategy types require different organizational structures hence necessitating change in the organizational structure for successful execution of strategy. Organizational culture is arguably one of the key organizational assets associated with organizational effectiveness (Zheng et al., 2010), playing a crucial role in determining the effectiveness of organizations, and stimulating or engendering many other activities that bring about corporate success (Oparanma, 2010).

2.4.5 Strategy Execution

This formed the study's dependent variable and was measured by competitive advantage, quality services, and strategy control systems. Based on empirical evidence success strategy execution includes designing the organization's structure, allocating resources, strategic leadership and organizational culture.

Strategy execution is the top concern of executives today. Muell and Cronje (2008) call the execution of strategy the number one challenge facing managers in the 21st century. In spite of this significance, they view execution as the least researched management topic and that unsuccessful strategy execution is continuing to have a tremendous financial impact on organisations' profits and competitive advantage. Neilson, Martin, and Powers (2008), describe strategy execution as a current hot topic in management and reports on a survey that revealed that chief executives are so concerned about strategy execution that they rated it as both their number one and number two most challenging issue. Harpst (2008) reports a 60% strategy execution failure rate. According to Neilson et al., (2008), a brilliant strategy, blockbuster product, or breakthrough technology can put you on the competitive map, but only solid execution can keep you there.

In their research, Gottschalk and Gudmundsen (2009) explore the notion of poor execution and state that the serious effects of poor execution are not achieving objectives, lost opportunities, duplicated efforts, wasted resources, incompatible organisational units, dissatisfaction and reluctance to continue with strategic planning. In accordance with this theme, Childress (2013) quotes the Forbes Magazine of 22 April 2012 on why CEOs fail: " CEO failures are even more visible than 13 years ago – and in high definition… Execution is critical as ever, in and of itself, but today we also have transparency to deal with [as] stakeholders are learning about poor CEO execution faster." Childress (2013) therefore affirms that "focussed and disciplined execution can be your single biggest competitive advantage! But it will take four things from you: a clear plan, a robust execution process, courage and 100% commitment to hold people accountable." The dynamic nature of strategy execution can be described as "business-as-unusual", requiring agility to respond in the uncertain and dynamic environment through frequent updates and adjustments. It is a journey of breakthroughs to a different tomorrow, a journey requiring bold leaps in performance, requiring changing the way things are done (Childress, 2013). Strategy therefore always requires doing things differently.

According to Hamm (2011), execution is all about results. Hamm (2011) describes execution as the point where the rubber meets the road, as a game in which scoring is done and winners and losers are determined, where there is no place to hide during the game and where every day is a game day. He believes that at the end of the day, leaders are paid and held accountable to produce results. He believes that the strategy process carries on during and after the game, when the strategy is tested by the reality of the game. Execution is marked by measurement and feedback and by continually keeping score, learning and making improvements or corrections.

2.5 Empirical Review

Organisations are getting more and more complex given the factors in the business environment that must be managed to ensure the realisation of strategic objectives. Equally so, the review of the literature indicates that strategic management is a complex task that requires management to give it due consideration in order to

achieve success. Bossidy and Charan (2009) believe that a clear and formal strategy formulation can take away such shortcomings to facilitate a successful execution of a business strategy. In the same manner, a clear and formal strategy gives room for the execution of tools which strengthen the position of employees within the organization and also makes the employees part of the execution process. As such employees can act in accordance with the strategy and thus pick up signals from the market or their work domain and add to the strategy in favor of the corporate organization (Martin, 2010).

Zaribaf and Bayrami (2010) found that most executives in organizations spend a great deal of time, energy, and money in formulating a strategy, but do not provide sufficient input to implement it properly. Normally, companies change their strategy to reposition themselves and adapt or react to market opportunities and threats; when considering how to implement a strategy, most probably will constrain any creativity in the new strategy. Therefore, one must strike a balance between an innovative and workable strategy and its successful implementation.

The need to have a good strategy is as essential as the strategy execution itself since companies have long known that for them to be competitive they ought to develop a good strategy first before developing an appropriate realignment of structure, systems operations, leadership and people (Qi, 2005). According to Carroll (2000), most companies benefit from having a formal strategy in three ways. First of all, is the better use of time and effort, secondly is elimination of the unnecessary errors to be made and identifies problems that may arise beforehand, lastly, is the aspect of improved communication between the avoidance employee and the person creating the organizational goals.

Kaplan and Norton (2008) found that 80% of organisations still fail to execute their strategies successfully. They indicate that most organisations do not have formal systems to help them execute their strategies. According to Davis et al (2010), only 30% of strategic initiatives are executed successfully. Schreurs (2010) states that since 2001, when they have been studying strategy execution trends and best practices, they have seen strategy execution evolve from a token discussion to a top

priority in most organisations. In spite of this reported meteoric rise in the importance of strategy execution, companies continue to lose 40 to 60 percent of their strategic potential while trying to execute it.

Childress (2013) continues to elaborate on Davis et al's concerns as follows: "In a recent McKinsey and Co study of 197 companies, despite 97% of directors believing they had the right 'strategic vision', only 33% reported achieving significant strategic success. Other studies confirm this wide gap between strategy and execution." He (Childress, 2013,) further states that current studies show that less than 5% of senior executive time is spent on strategy execution. Childress highlights the lack of focus on strategy execution, but also the lack of a robust strategy execution process and business methodology, complete with accountabilities, clear metrics, cascading objectives, employee engagement, governance, transparency and teamwork: "Too often good strategies fail to get implemented because of the overriding focus of most companies on solving day-to-day business problems. There is no time nor energy nor resources left to execute on strategic initiatives."

Nickols (2010) posits that strategy is execution. According to him there are four cases of strategy execution: flawed strategy and flawed execution, sound strategy and flawed execution, flawed strategy and sound execution, and sound strategy and sound execution. In the same line of thought he further avows that any organization has a pretty good chance for success, only when the strategy and the execution are sound barring aside environmental and competitive influences. Zagotta and Robinso (2002), further contends that executing the wrong strategy is one of the major problems leading to unsuccessful execution of strategies.

Brenes *et al.* (2007) further admits that organizations need to maintain a balance between ongoing business activities and working on new strategic initiatives. This is so because the challenges to strategy execution often results from companies dwelling on new strategy development and in the process forget their main line of business that underlie within previously formulated business strategies. In a study involving 172 Slovenian companies, Cater and Pucko (2010) demonstrated that managers mostly rely on planning and organizing activities when implementing

strategies, while the biggest obstacle to strategy implementation and execution is poor leadership. Their results showed that adapting the organizational structure to serve the execution of strategy has a positive influence on performance.

2.6 Critique of Existing Literature

Despite the significance of strategy execution, it has not attracted a wide research attention. Raps (2010) articulates the lack of academic consideration in the area of strategy execution, this is emphasized by Otley (2013) who argues that majority of the literature is dominated by a focus on long term planning and the strategic content, rather than the actual execution of strategies. Similarly, Powers (2008) acknowledged that managers are trained to formulate good strategies however they are not trained to execute them. This has therefore led to a situation where organizations have the necessary strategy formulating capabilities but lack the implementation capability.

Schaap (2006) had carried out an empirical study and has tested the following hypotheses: effective senior-level leadership behaviors will be directly related to successful strategy implementation. This hypothesis, however, has resulted in mixed support; those senior-level leaders who have been trained in or studied strategic planning and implementation are more likely to meet the performance targets set for the company. This hypothesis also resulted in a weak confirmation. More empirical research is needed to clarify the role of top management for strategy implementation.

Overall, strategy implementation remains a comparatively under-researched area in the strategy literature (Hutzschenreuter & Kleindienst, 2006). There have been consistent calls for more attention to strategy implementation issues but strategy planning and analysis attracted much more research attention in strategy literature (Kraaijenbrink *et al*., 2010).

Additionally, existing research and conceptual literature positions strategy implementation as an operational phenomenon that is largely dependent on strategy planning, without much strategic contributions (Barney & Mackey, 2005). There is currently a renewed interest amongst strategy researchers to explore strategy –as-practice and strategy process issues (Kraaijenbrink *et al*., 2010; Johnson *et al*., 2007).

2.7 Research Gaps

Strategic management factors affecting the players in this industry like corporate structure, strategic leadership, corporate resources and corporate culture need to be looked at. Studies related to strategy execution in shipping industry have used domains of competitive advantage, market segmentation/differentiation, cost management and have failed to consider strategic management domains that assist in strategy execution. Further according to World Bank (2010) most studies in this area have been done in other countries like United States of America, Britain, Asia and Auustralia focusing on the contribution of well executed strategies to the performance of business companies and on contribution to their economies and very little of such studies has been done in Kenya.

The review of past literature and academic studies indicates that researchers hold implicit and divided perspectives when they are examining various factors influencing the strategy execution. Studies have shown that most firms have not been successful in proper strategy execution despite having well-articulated strategies. Past studies have presented divergent views on the contributions of some of the key variables influencing strategy execution (Kihara, 2016). For instance first, the scholars don't seem to agree whether human resources, strategic direction and technology should be treated as a direct or indirect independent variables affecting organization's performance or they have to pass through other mediating variables. Secondly, past studies don't seem to agree on how to treat strategic direction, whether as a direct or an antecedent independent variable. Thirdly, the argument that organization' strategy follows structure requires further research. Kibicho (2015) did a study on the determinants of strategy implementation in the insurance industry in Kenya. The study found out that to a very great extent choice of strategies on

advertising and promotion affects the strategy decisions of company while to a great extent choice of staff; product development and choice of branch networks affects the strategy decisions of company.

A study by Mugambi (2003) on strategic management practices of shipping companies in Kenya found out that shipping companies in Kenya practice formal strategic management in various forms which include annual, developmental and complete strategic management. Chiuri (2015) did a study on challenges of strategy implementation in higher education institutions in Kenya, the study revealed that institutional culture explained the highest of the variation in strategy implementation followed by human resource development, managerial skills, external environment and organizational structure in that order. These studied show that in spite of strategy execution being an important aspect to any organization, far more research has been carried out on strategy formulation as compared to the strategy execution in Kenya and especially in the maritime shipping sector.

The review on strategy execution literature and studies suggests that there is a huge gap between strategy formulation and strategy execution, i.e. between what companies intend to do and what they actually accomplish. The significance of strategy execution in achieving organizational objectives is increasingly recognized. However, successful execution seems to remain problematic, both in the public and private sector globally. This study aimed at filling part of the existing research gaps by examining the determinants of strategy execution in shipping companies in Kenya.

2.8 Summary

In summary, the review indicates that researchers hold implicit and divided perspectives when they are examining various factors influencing strategy execution. Each of these perspectives has some empirical evidence to support. However, without comparing these factors in one single study, it remains unknown whether these perspectives are valid. Examining these perspectives is important as questionable conclusions could be drawn if underlying assumptions do not hold, and

the intellectual development on strategy execution could be adversely affected as a result.

This chapter examined both the theoretical and empirical literature relevant to the study. The review indicated that strategy execution is the most important element of the strategic management process. The independent variables of structure, organizational resources, organizational culture and strategic leadership have been reviewed in this chapter. The literature relevant to strategy execution was also reviewed. The chapter also indicated the conceptual framework showing the relationship between the predictor, and outcomes variables in the study. Research gaps were identified and highlighted in this chapter. The next chapter looks at the methodology used by the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a design or plan for conducting research and to systematically solve the research problem. It includes research design, sampling procedures, data collection method and analysis procedure. Mitchell and Jolley (2007) describe methodology as coherent group of methods that complement one another and that have the ability to fit to deliver data and findings that will reflect the research question and suit the research purpose. This chapter describes the research methodology and design adopted by the study. It comprises: Research design; Target population; Sampling frame; sample size and technique; data collection procedure and data analysis and presentation.

3.2 Research Design

A study design is the plan of action the researcher utilizes for answering the research questions. Research design is a blue print or framework which specifies the details of the procedures necessary for obtaining the information needed to structure or solve research problems. Trochim, (2006) avows that research design provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research; the samples or groups, measures, treatments or programs, and methods of assignment work together to try to address the central research questions. The research design functions to articulate the strategies and tools by and through which empirical data will be collected and analysed. Additionally, it serves to connect research questions to the data and articulates the means by which the research hypotheses shall be tested and research objectives satisfied Cooper and Schindler (2011). In this regard, Cooper and Schindler (2011) argue that the research design has to (1) articulate the research questions (2) identify relevant data (3) determine data collection methods (4) select method by which data will be analysed and verified.

This study adopted a cross sectional survey research design. A cross section survey allows the researcher to collect a wide range of information without interfering the environment (i.e. nothing is manipulated) thus it enables a researcher obtain large amounts of data from a sizeable population in a highly effective, easy and in an economical way using questionnaires. In addition, the study employed both qualitative and quantitative analysis methods. The purpose of this form of research is that both qualitative and quantitative research, in combination provide a better understanding of a research problem or issue than either research approach alone. According to Sekaran and Bougie (2009) a researcher should use more than one design to enhance the study, hence these two designs were used to achieve the optimal results as recommended by Saunders, Lewis and Thornhill (2009). The design enabled a thorough and comprehensive examination of the determinants of strategy execution in shipping companies in Kenya.

3.3 Target Population

A study population comprises all the possible cases (persons, objects, events) that constitute a known whole. Mugenda and Mugenda (2003) refer to population as an aggregate or totality of all the objects, subjects or members that conform to a set of specifications. Any set of people or events from which the sample is selected and to which the study results generalizes. Borg, Gall and Gall (2007) specify two types of population as target and accessible population. Target population consists of all members of a real or hypothetical set of people, events or objects from which a researcher wishes to generalize the results of their research. On the other hand, accessible population consists of all the individuals who realistically could be included in the sample. Statistically, the target population is the specific population about which information is desired.

The study purposely concentrated on the Shipping Companies in Kenya because it was expected the players had the relevant and accurate information required to address the topical issue for this study. According to the Kenya Ship Agents Association (KSAA, 2015) there are 38 shipping companies in Kenya (Appendix III). According to Cox (2010), target population is the entire set of units for which

the study will be used to make inferences. This study targeted top managers in the target population. This population was justified because it is the one mandated with carrying out strategic planning and execution decisions in regard to the shipping companies in Kenya.

3.4 Sampling Frame

A sampling frame is a complete list of the units of analysis of interest from which the samples are selected while a sample size is the number of items to be selected from the universe to constitute a sample (Kothari, 2007). A sampling frame is the list of elements from which the sample may be drawn (Zikmund, 2010). Further, according to (Sekaran & Bougie, 2011), sampling frame is a (physical) representation of all the elements in the population from which the sample is drawn. They further describe a sampling frame as the set of source materials from which the sample is selected. The optimum sample size was used to fulfil the requirements of efficiency, representatives and reliability. Unnecessary large sample size would bring about data duplicity besides having cost and time implications while a smaller sample size would not be statistically representative of the whole subject under investigation.

The sampling frame for this study consists of 38 shipping companies in Kenya (KSAA, 2015) as shown in Appendix III. Target and accessible sample comprised of management and supervisory employees in the shipping companies in Kenya that are involved in strategy execution matters. Strategic management issues are mostly handled by top managers of organizations. Strategy is initiated and led by top management and hence they appreciate the influence of strategic initiatives in a company more than the ordinary workers. This study therefore purposely handpicked 5 top management staff from the shipping companies given that they are more informed and conversant about strategic issues and have strategic responsibilities in the organization.

Table 3.1: Sampling Frame

Category of Shipping Company	Number
Shipping Liners	17
Shipping (port) Agents	18
Liners & Agents	3
Total	**38**

Source; Kenya Ships Agents Association (2015)

3.5 Sample Size and Sampling Technique

A sample is a small group obtained from accessible population (Bryman & Bell, 2011). Sampling is the procedure a researcher uses to gather people, places or things to study. It is the process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of characteristics found in the entire group (Kombo & Tromp, 2006). The sample were employees who were drawn from all the thirty eight (38) shipping companies in Kenya. The unit of analysis for this study were the employees responsible for strategy execution in the shipping companies in Kenya.

The study classified the shipping companies by the type of services they are involved in, that is, shipping liners, shipping agents and composite shipping companies that is those doing both services of shipping liners and shipping agents. This study adopted purposive sampling. The purposive sampling technique, also called judgmental sampling, is the deliberate choice of an informant due to the qualities the informant possesses. It is a non-random technique that does not need underlying theories or a set number of informants. Purposive sampling is selecting a sample on the basis of the researchers' own knowledge of the population, its elements, and the nature of the researchers aims (Kothari, 2007). That is the population is non-randomly selected based on a particular characteristic (Frey et al. 2000). The characteristics are selected

to answer necessary questions about a certain matter or product the researcher is then able to select participants based on internal knowledge of said characteristic.

Purposive sampling is especially exemplified through the key informant technique (Garcia, 2006), wherein one or a few individuals are solicited to act as guides to a culture. Key informants are observant, reflective members of the community of interest who know much about the culture and are both able and willing to share their knowledge. An optimum sample is one which fulfils the requirements of efficiency, representatives, reliability and flexibility. Efficient sample size is based on an estimate of the sample size required to limit sampling variability to the desired level. Generally, the larger the sample, the more likely the scores on the variables will be representative of the population scores. However, researchers have developed a rule of thumb in determining sample size. For example, Borg et al., (2008) recommends a minimum of number of 15 in experimental research, 30 in correlation research and a minimum of 100 in survey research.

To make the sample size an efficient estimate the study adopted a simple random sample design, although with more information for studies that are frequently repeated, design-specific estimates can be developed. The sample size of this study was calculated from the Slovin's formula given as:

$$n = N / [1 + N(e)^2]$$

Where:

n = the sample size

N = Total population

e = Error tolerance

Since the study population (N) is 190. Error of tolerance was 0.05. Thus the sample size was determined as shown below:

$$n = 190 / [1 + 190 (0.05)^2] = 129$$

Therefore 129 respondents formed the sample size and was drawn proportionately from the target population as illustrated in the sampling frame Table 3.2

Table 3.2: Sample Size

Category	Population	Sample Size
Shipping Liners	85	58
Shipping Agents	90	61
Composite Liners	15	10
Total	**190**	**129**

3.6 Data Collection Instruments

Data is anything given or admitted as a fact on which a research inference is based. Cooper and Schindler (2011) and Mugenda and Mugenda (2012) defined data collection instruments as the tools and procedures used in the measurement of variables in research. This study used primary data. According to Kothari (2009) primary data is original information collected for the first time. On the other hand secondary data is information that has been collected previously and that has been put through the statistical process. Both Orodho (2003) and Kothari (2009) regard questionnaires as the most important means of data collection. The researcher used questionnaires which had both closed ended questions and open ended questions where the respondents were required to explain briefly.

According to Trochim (2006) questionnaires are the most common method applied to diagnose the functioning of institutions. The researcher used a semi-structured questionnaire. The study relied on questionnaires, various scholars point out a questionnaire as a collection of questions or statements that assesses attitudes, opinions, beliefs, biographical information or other forms of information (McMillan & Schumacher, 2001; Oso & Onen, 2011; Cooper & Schindler, 2011; Burns & Burns, 2012). According to researchers, questionnaires are preferred for primary data

collection because they are less costly, especially when the population is large and widely spread geographically. They ensure anonymity, permit use of standardized questions and ensure uniform procedures. It also ensures that respondents who are not easily approachable are reached conveniently. Besides, questionnaires can provide time for respondents to think about responses and are easy to administer and score (Mugenda & Mugenda, 2004; Kothari, 2011). Therefore it was appropriate to use questionnaires as important tools for collection of primary data due to their many positive attributes. The reason for using a questionnaire is that the opinions of respondents can be obtained in both unstructured and structured manner. The questionnaires are comparatively inexpensive and easy even when gathering data from large numbers of people spread over wide geographic area and, it reduces chance of evaluator bias because the same questions are asked of all respondents.

According to Zikmund (2010), Likert scales are widely used in business research and that's why the study adopted this style. Likert scale types of questions were designed in the questionnaire and were balanced between the quantity and the quality of data to be collected. Following the procedures used by other researchers (Sim & Killough, 1998; Ahire & Drefus, 2000; Gakure, 1995), the questionnaire survey asked respondents to indicate their factual information and perception based on the Likert scale. The responses were anchored on a five point scale which ranges from strongly agree to strongly disagree (a scale of 1-5, where, 5= strongly agree, 4=Agree, 3= Neutral, 2= Disagree and 1= Strongly disagree).

3.7 Data Collection Procedure

The researcher received a letter from the JKUAT Mombasa CBD campus requesting the concerned to grant the researcher access to their institutions. Armed with this letter from the University, the researcher wrote a letter to the HR Director for each of the shipping companies requesting for permission to administer questionnaires. This permission was granted by each of the thirty eight shipping companies. The researcher was connected to the HR department to guide the distribution of questionnaires to selected managers in each department.

Questionnaires were self-administered to the 129 sampled respondents and research assistants were employed. The target participants who were also the unit of analysis were the managers involved in strategic execution matters. These target respondents are considered knowledgeable about the firm's strategic situation and specifically on the topic under consideration. To ensure maximum response, the companies were first contacted and adequately informed on the intended data collection exercise. The questionnaires were then delivered to the respondents (drop-and-pick later).

3.8 Pilot Test Study

The purpose of pilot testing is to establish the accuracy and appropriateness of the research design and instrumentation. A pilot study, is a small experiment designed to test logistics and gather information prior regarding a larger study, in order to improve the latter's quality and efficiency. A pilot study can reveal deficiencies in the design of a proposed experiment or procedure and these can then be addressed before time and resources are expended on large scale studies. According to Newing (2011), the importance of pilot testing cannot be overemphasized; one will almost always find that there are questions that people fail to understand or interpret in different ways, places in the questionnaire where they are not sure where to go next, and questions that turn out simply not to elicit useful information.

A pilot test is an evaluation of the specific questions, format, question sequence and instructions prior to use in the main survey. Questions answered by the pilot test include: Is each of the questions measuring what it is intended to measure? Are questions interpreted in a similar way by all respondents? Do close-ended questions have a response which applies to all respondents? Are the questions clear and understandable? Is the questionnaire too long? How long does the questionnaire take to complete? Are the questions obtaining responses for all the different response categories or does everyone respond the same? According to Blumberg, Cooper and Schindler (2011) a pilot test is aimed to show the duration it takes to complete the questionnaire, confirm the clarity and logical flow, confirm if the questions are clear and short, and to test the questionnaire credibility and should constitute at least 1% of the sample size.

A sample of 10% of respondents was involved in the pilot test which is 13 respondents. The pilot sample size is informed by Simon (2011) who suggests that a sample size of between 10% and 20% of the actual study sample size is adequate for a pilot study. The pilot respondents were drawn from 3 shipping companies purposively to capture the three strata employed in the sampling technique that is; shipping liners, shipping agents and composite shipping liners.

The proposed pilot test was within the recommendations. The respondent for the pilot were requested to complete the questionnaires in a period of three days giving the researcher sufficient time to make any arising amendments. The results of the pilot test were used to develop a more reliable and effective data collection tool. The data collected was converted into numerical codes to facilitate the determination of reliability. The results of the pilot testing however were not included in the final analysis.

3.8.1 Reliability

Data reliability is a cornerstone of making a successful and meaningful study (Newing, 2011). In order to collect reliable data, the researcher designed the questionnaire through an elaborate procedure which involved a series of revisions under the guidance of the study supervisors to ensure that fieldwork is to be conducted by use of high quality data collection tools and procedure. Also quotes from interview and statement from questionnaires were used as references to ensure reliability. Researcher used a checklist of questions when making personal interviews with respondents so as to achieve data consistency and completeness. In order to measure internal consistency, researcher used Cronbach's alpha method. Cronbach alpha, which is a measure of internal consistency, was used to test the internal reliability of the measurement instrument.

In order to refine the scale, the researcher started with computing coefficients (Cronbach's alphas) in line with Churchill's (1979) recommendations. Due to the multidimensionality of the independent variables' constructs, Cronbach alpha was

computed separately for the determinants of each variable to ascertain the extent to which the items making up each variable shared a common core.

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N-1) \cdot \bar{c}}$$ ……..Equation (Cronbach, 1951).

The higher the score, the more reliable the generated scale is. (Nunnally & Bernstein 1994) has indicated 0.7 to be an acceptable reliability thus it is considered adequate for this study. Based on the feedback from the pilot test, the questionnaire was modified and a final one developed and adopted. A commonly accepted rule of the thumb for describing internal consistency using Cronbach alpha is as shown in Table 3.3.

Table 3.3: Internal Consistency- Cronbach's alpha

Cronbach's Alpha	Internal Consistency
α≥ 0.9	Excellent (high stakes testing)
0.7≤ α<0.9	Good (low stake testing)
0.6≤α<0.7	Acceptable
0.5≤α<0.6	Poor
α<0.5	Unacceptable

3.8.2 Validity

Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are (APA, 2014). Validity can be measured by the extent the data obtained accurately reflects the theoretical or conceptual concepts; that is if the measurements gotten are consistent with the expectations. The validity of this study was determined by asking a series of questions, and often looked for the answers in the research of others such as supervisors, statisticians and colleagues. This study used both construct validity and

content validity. For construct validity, the questionnaire is divided into several sections to ensure that each section assesses information for a specific objective, and also ensures that the same is closely tied to the conceptual framework for this study. To ensure content validity, the questionnaire was subjected to thorough examination by 3 randomly selected strategic management managers, expert judgement by 2 PhD holders in strategy at JKUAT.

3.9 Data Analysis and Presentation

Data analysis is a process of inspecting, cleaning, transforming, and modelling data with the goal of discovering useful information, suggesting conclusions, and supporting decision making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science, and social science domains. Quantitative research technique was used to code qualitative data. Trochim (2006) pointed out that qualitative data can be coded quantitatively without detracting from the qualitative information such as in ranking ordinal scale.

3.9.1 Quantitative Analysis

Quantitative research is based on testing the theories composed of variables, measured with numbers, and analysed using statistical techniques and aims at determining whether the predictive generalisation of the theories hold true (Bryman, 2004). The collected data was analysed using SPSS. A multiple regression technique was used to predict the value of a variable (dependent) based on the value of two or more other variables (independent variables). This technique allows the determination of the overall fit of the model and the relative contribution of each of the predictors to the total variance explained. The researcher used Analysis of variance (ANOVA) to analyse the differences between group means and their associated procedures (such as "variation" among and between groups). The results were interpreted and inferences made and later the information were presented in tables and bar charts. The results were used to make conclusions and recommendations.

Inferential statistics entailed the use of factor analysis and regression analysis. According to Sekaran, (2013), factor analysis is a data reduction technique used to study the dimensionality of a set of variables. In factor analysis, latent variables represent unobserved constructs and are referred to as factors or dimensions. Factor analysis is used mostly for data reduction purposes to get a small set of variables (preferably uncorrelated) from a large set of variables (most of which are correlated to each other). Factor analysis can be exploratory when you do not have pre-defined idea of structure or how many dimensions are in a set of variables; or confirmatory when you want to test specific hypothesis about the structure or the number of dimensions underlying a set of variables (Torres, 2010).

3.9.2 Statistical Model

Regression analysis is a statistical modelling technique used to identify meaningful, stable relationships among sets of data. The application of analytical procedures is based on the premise that, in the absence of known conditions to the contrary, relationships among information may reasonably be expected to exist. Regression measures the causal relationship between one dependant and one independent variable. Multiple regression analysis measures the effects of multiple independent variables on one dependent variable.

In addition the significance level of the independent variables was tested using Fischer distribution test (F-test). The significance of the overall model was determined from a 5 percent confidence level. The p-value for the F-statistic was applied in determining the robustness of the model. The conclusion was based on the basis of p value where if the null hypothesis of the beta is rejected then the overall model was significant and if null hypothesis accepted the overall model is insignificant. In other words if the p-value is less than 0.05 then it will be concluded that the model is significant and has good predictors of the dependent variable and that the results are not based on chance. If the p-value is greater than 0.05 then the model is not significant and cannot be used to explain the variations in the dependent variable. The following regression model was adopted to determine the relationship of the dependent and the independent variables of the study.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y= Strategy Execution

X_1= Organization Structure

X_2= Organization Resources

X_3= Strategic Leadership

X_4= Organization Culture

$\{\beta_i \; ; \; i=1,2,3,4,\}$ = The coefficients for the various independent variables

ε= Error term/Stochastic term, α = constant term

3.9.3 Qualitative Analysis

The mass of words generated by the questionnaire was described, summarised and analysed. The researcher sought to find out the relationships between various themes that have been identified, or to relate behaviour or ideas to biographical characteristics of respondents such as age or gender. Qualitative data was coded into different factors and analysed through computer aided content analysis. The content analysis (Berelson, 1952), is an objective technique that ensures systematic, quantitative description of and communication of information. The technique is able to detect the presence of certain words, concepts, themes, phrases, characters, or sentences within texts and quantify them in an objective manner. According to Pope *et al.* (2007), qualitative research employs a range of philosophies, research designs and specific techniques, including in-depth qualitative interviews; participant and non-participant observation; focus groups; document analyses; and a number of other methods of data collection.

3.9.4 Variable Definition and Measurement

The dependent variable in this study is strategy execution and the independent variables are organization structure, organization resources, strategic leadership and organization culture. Specific to this study, the variables have been defined and explained in section 2.4. Measurement of strategy execution of the company constituted the use of quality services, strategy control systems and competitive advantage. Organizational structure was measured by considering the coordination of functional units, span of control and the centralization and decentralization of activities. Organizational resources was measured by efficient resource allocation, flow of activities based on resource availability and adequate and efficient human resources.

Strategic leadership was measured by degree of effective strategic planning practices, competent policy framework, and proficient corporate management systems. Organizational culture will be measured using employee resistance to change, organizational practices and behaviours and shared values, meaning and understanding by the employees. A five point Likert scale (with 5=strongly agree, to 1=strongly disagree) was used for each of the statements corresponding to various dimensions.

Table 3.4: Measurement of Variables

Variable	Nature	Indicator	Measure
Strategy Execution	Dependent	• Quality services • Strategy control systems • Competitive Advantage	Interval scale 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree
Organization structure	Independent	• Coordination of functional units • Span of control • Centralization vs decentralization of activities	Ordinal scale 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree
Organization resources	Independent	• Efficient resource allocation • Flow of activities based on resource availability • Adequate and efficient human resources	Ordinal scale 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree
Strategic Leadership	Independent	• Effective strategic planning practices • Competent policy framework • Proficient corporate management systems	Ordinal scale 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree
Organization culture	Independent	• Resistance to change • Organizational practices and behaviors • Shared values, meaning and understanding	Ordinal scale 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

3.9.5 Hypothesis Testing

A set of four hypotheses were developed to guide the study as indicated in the conceptual framework. Hypotheses was tested at 95% confidence level ($\alpha = 0.05$) as shown in Table 3.5.

Table 3.5: Hypothesis Tests

Objective	Hypothesis	Hypothesis test	Decision rule and anticipated model
To determine the influence of organization structure on strategy execution in shipping companies in Kenya	H_{01}:There is no positive significant influence of organization structure on SE in shipping companies in Kenya	Pearson's coefficient of correlation -F-test (ANOVA)	If p value <0.05 reject null hypothesis, if p value is > 0.05 fail to reject null hypothesis SE = α + β_1OS + ε
To establish the influence of organizational resources on strategy execution in shipping companies in Kenya	H_{01}:There is no positive significant influence of organization resources on SE in shipping companies in Kenya	Pearson's coefficient of correlation -F-test (ANOVA) -	If p value <0.05 reject null hypothesis, if p value is > 0.05 fail to reject null hypothesis SE = α + β_2OR + ε
To determine the influence of strategic leadership on strategy execution in shipping companies in Kenya	H_{01}:There is no positive significant influence of strategic leadership on SE in shipping companies in Kenya	Pearson's coefficient of correlation -F-test (ANOVA) -	If p value <0.05 reject null hypothesis, if p value is > 0.05 fail to reject null hypothesis SE = α + β_3SL + ε
To establish the influence of organizational culture on strategy execution in shipping companies in Kenya	H_{01}:There is no positive significant influence of organization culture on SE in shipping companies in Kenya	Pearson's coefficient of correlation -F-test (ANOVA)	If p value <0.05 reject null hypothesis, if p value is > 0.05 fail to reject null hypothesis SE = α + β_4OC + ε

3.9.6 Normality Test

Multiple regression analysis requires that data is normality distributed. Hence, to test normality, skewness and kurtosis statistics were used. Skewness which is the extent to which a distribution of values deviates from symmetry around the mean was used to test normality of the data (Norusis, 1994). A value of zero meant that the distribution was symmetric, while a positive skewness indicated a greater number of smaller values, and a negative value indicates a greater number of larger values. A kurtosis value near zero indicated the shape of data was close to normal. A negative value indicated a distribution which was more flat than normal, and a positive kurtosis indicates a shape peaked than normal. Creswell (2008) indicate that Kurtosis and skewness statistics of +/-2 are adequate for statistical analysis.

3.9.7 Multicollinearity Test

To test multicollinearity, variable inflation factor (VIF) and Tolerance statistics were used in this study. According to Wooldridge (2011) multicollinearity exists where VIF is greater than 10 and Tolerance is less than 0.1. Multicollinearity exists where there is a high degree of association between independent variables and hence distorting the results of the study models. Multicollinearity where it exists is solved by deleting one of the highly correlated variables. This problem was solved by ensuring that there was a large enough sample as multicollinearity is not known to exist in large samples.

3.9.8 Correlation Analysis

Correlation analysis was done by computation of Pearson correlation coefficient. Pearson's correlation coefficient is a test statistics that measures the statistical relationship, or association, between two variables. It is known as the best method of measuring the association between variables of interest because it is based on the method of covariance (Tabachnick & Fidell, 2007). It gives information about the magnitude of the association, or correlation, as well as the direction of the

relationship. As a rule of thumb, Choudhury (2009) gave a guideline that can be applied in establishing the strength of the relationship. This is as shown in Table 3.6.

Table 3.6: Correlation Relationship Strength

Value of r	Strength of Relationship
-1 to -0.5 or 1.0 to 0.5	Strong
-0.5 to -0.3 or 0.3 to 0.5	Moderate
-0.3 to -0.1 or 0.1 to 0.3	Weak

Source, Choudhury (2009)

3.9.9 ANOVA Test

Analysis of Variance (ANOVA) was done to establish whether the whole model was a significant fit of the data. ANOVA is a method for testing the assumption that there is no significant difference among three or more sample means. It tests the assumption about means by comparing two different estimates of the population variances (Hinkelmann & Kempthorne, 2008). ANOVA consists of calculations that provide information about the levels of variability within a regression model and forms a basis for test of significance. Pagano (2004) indicated that ANOVA test can be used to determine the impact that the independent variables have on the dependent variable in a regression model.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

In this chapter, raw data from the questionnaires was analysed and results interpreted. It presents the empirical findings and results of the application of variables using techniques mentioned in chapter three of the methodology. This chapter contains details of response rate, sample characteristics, presentation of data analysis, interpretation and discussion of findings. Data analysis was in line with specific objectives where patterns were investigated, interpreted and implications drawn on them. Various tests were used to test the relationship between variables, level of significance, reliability and random distribution of data. Specifically, Cronbach's alpha test was used, descriptive statistics was employed, Pearson Bivariate correlation and Multiple Regression analysis (standard). The general objective of this research was to determine the determinants of strategy execution in shipping companies in Kenya. The independent variables of the study were organizational structure, strategic leadership, organizational resources and organizational culture.

4.2 Response Rate

Out of the 129 questionnaires administered, 115 were filled and returned. This represented 89.1% of response. According to Mugenda and Mugenda (2007), a response rate of 50% is adequate, 60% is good and 70% and above is excellent. Saunders, Lewis and Thornhill (2009) suggest a 30-40% per cent response rate. A study carried by Mbui (2016) on the effects of strategic management practices on export value addition in the tea subsector in Kenya yielded a response rate of 75% which the researcher considered excellent. Therefore, a response rate of 89.1%, cognizant of the sensitive nature of the information sought on strategy execution, was considered adequate.

The recorded high response rate can be attributed to the data collection procedures for instance, the researcher pre-notified the potential participants for the survey, the researcher administered the questionnaire with the help of research assistants through drop and pick-later method and follow up calls were also made to clarify queries as well as to prompt the respondents to fill the questionnaire. Hence the willingness of the respondents to participate in the research.

Table 4.1: Response Rate

Category	Questionnaire Issued	Questionnaire Returned	Percentage
Shipping Liners	58	48	37.1
Shipping Agents	61	57	44.2
Composite Liners	10	10	7.8
Total	**129**	**115**	**89.1**

4.3 Reliability Test Results

Reliability refers to the accuracy and precision of a measurement procedure, it measures the degree to which a research instrument gives consistent results. Reliability is concerned with estimates of the degree to which a measurement is free of random or unstable error (Copper & Schindler, 2003). Errors likely to affect reliability are interviewer/interviewee fatigue, bias from the interviewer and inaccuracy of the instrument in use, inaccuracy in scoring by the researcher and unexplained errors whose source cannot be determined. Reliability is a measure of the degree to which a research instrument yields consistent result or data after repeated trials, and in research it is influenced by random error.

According to Zikmund (2010), errors may arise from inaccurate coding, ambiguous instructions/questions to the subjects, interviewers fatigue, interviewee fatigue, interviewer's bias. There are three types of random errors that arise at the time of

data collection. These are: error due to the inaccuracy of the instrument; error due to the inaccuracy of scoring by the researcher and unexplained error. These three types of errors combine to produce inconsistencies in the measurement, which ultimately affect the reliability of the data collected (Mugenda & Mugenda, 2007).

Cronbach alpha, which is a measure of internal consistency, was used to test the internal reliability of the measurement instrument. Reliability was tested using Cronbach's coefficient Alpha (Nunnaly, 1978). Cronbach's Alpha measures how well a set of items or variables, measure a single uni-dimensional latent construct that is a coefficient of reliability or consistency. Reliability is expressed as a coefficient between 0.0 and 1.00. The higher the coefficient, the more reliable is the test. A threshold of a Cronbach Alpha of 0.7 and above is acceptable (Cronbach, 1951). Cronbach Alpha was used to test the reliability of the proposed constructs.

The findings indicated that, organization structure had a coefficient of 0.905, strategic leadership had a coefficient of 0.792, organization resources had a coefficient of 0.875, organization culture had a coefficient of 0.841 and strategic execution had a coefficient of 0.856. All constructs depicted that the value of Cronbach's Alpha were greater than 0.700 and thus, the study constructs were reliable.

Table 4.2: Reliability Test Results

Construct	No. of Cases	No. of Items	Cronbach's Alpha	Comments
Organization Structure	13	8	0.905	Reliable
Strategic Leadership	13	8	0.792	Reliable
Organization Resources	13	5	0.875	Reliable
Organization Culture	13	8	0.841	Reliable
Strategy Execution	13	6	0.856	Reliable

4.4 Normality Test

4.4.1 Sampling Adequacy

Sampling adequacy is a statistical measure which was used to examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, regression analysis and other statistical tests. Two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity. According to Heir et al. (2010) a KMO measure of greater than 0.8 is marvellous, and a measure of greater than 0.6 is meritorious. In this case the KMO was 0.663 hence the sample was adequate for conducting factor analysis. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5.

Bartlett's test of sphericity is a measure of the multivariate normality of the set of distributions. It also tests whether the correlation matrix is an identity matrix (factor analysis would be meaningless with an identity matrix). A significance value less than 0.05 indicates that the data does not produce an identity matrix and is approximately multivariate normal and acceptable for factor analysis. For this study, the significance value was 0.000 hence acceptable. This is displayed in Table 4.3

Table 4.3: KMO and Bartlett's Test Result

Indicator		Coefficient
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.663
Bartlett's Test of Sphericity	Approx. Chi-square	15.013
	df	10
	significance	0.000

4.4.2 Skewness and Kurtosis

Many parametric statistical methods such as analysis of variance (ANOVA) test, discriminant analysis, linear regression, Pearson correlation, F-Test and T-test require that the dependent variable is approximately normally distributed for each independent variable (Razali & Wah, 2011). Normality tests can be measured using the Skewness and Kurtosis Z-values which should be in the span of -1.96 to +1.96 and can also be measured using the Shapiro-Wilk and Kolmogorov-Smirnov test P-value which should be above 0.05.

Table 4.4 shows measure of skewness -1.212 (SE 0.845) and Kurtosis measure of 0.628 (SE 1.741) the values for skewness and Kurtosis are all within the span of -1.96 to 1.96. This shows that the data is a little skewed and kurtotic and it does not differ significantly from normality. Hence we can assume that the data is approximately normally distributed in terms of skewness and kurtosis.

Table 4.4: Skewness and Kurtosis Measure Results

	Statistic	Std Error
Mean	3.7222	
95% Confidence Interval for Lower Bound	2.4674	
Upper Bound	4.9770	
5% Trimmed Mean	3.7840	
Median	4.1667	
Variance	1.430	
Std Deviation	1.19567	
Minimum	1.67	
Maximum	4.67	
Range	3.00	
Interquartile Range	2.00	
Skewness	-1.212	.845
Kurtosis	.628	1.741

The null hypothesis for this study is that the data is normally distributed. This null hypothesis is rejected if the p-value is below 0.05. From Table 4.5 the Shapiro-Wilk p-value is 0.140 so we accept the null hypothesis as it indicates that the data is approximately normally distributed (Shapiro & Wilk, 1965).

Table 4.5: Shapiro-Wilk Tests

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Strategy Execution	.242	6	.200[*]	.844	6	.140

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

The Kolmogorov –Smirnov test also shows a p-value of 0.2 which is greater than 0.05. Both test allows for the acceptance of the null hypothesis; that the data is approximately normally distributed.

4.5 Demographic Characteristics Results

This section gives the general analysis on the demographic data obtained from the respondents which included; company classification, level of education, years the respondents have worked in the respective companies and years the companies have been operating in Kenya.

4.5.1 Shipping Company Classification

The respondents were asked to classify the nature of their company in terms of their mode of operation. Figure 4.1 indicates from the 115 responses, 8.7% of the respondents indicated that their company is a composite liner, 41.7% respondents indicated that their company is a shipping liner and 49.6% of the respondent indicated that their company is a shipping agent. The findings of the study implies that majority of the respondents were from shipping agents. The findings are similar to those recorded by Disi (2008) in a related study where he indicated that a majority of the shipping companies in Kenya are operating as shipping agents.
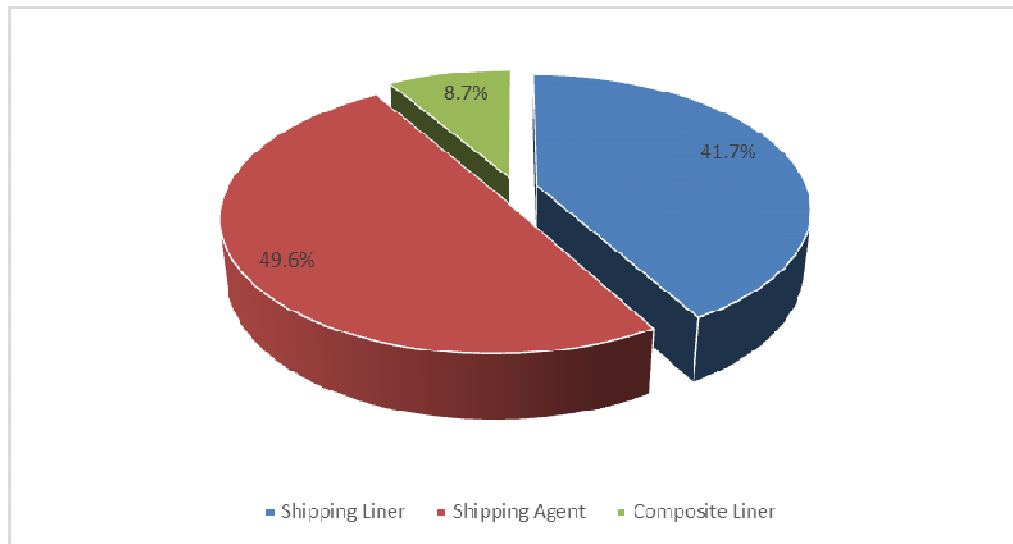
Figure 4.1: Company Classification

4.5.2 Level of Education

The respondents were asked to indicate their highest level of education. The findings in Figure 4.2 illustrates that 69.6% of the respondents had attained university level, while 19.1% of the respondents had attained college diploma level. 7.8% of the respondents had attained A-level education. The findings imply that most of the respondents had high level of education which could have contributed to informed and accurate responses. The high level of education of respondent indicates that many employees in the industry sector had attained university level of education hence more knowledgeable on strategic management execution practices in the companies.

Even though various scholars (Senior & Flemming, 2006; Letting, 2009; Mulube, 2009) have indicated that leadership and strategy execution is not based on level of education, there is need to have employees with high qualifications in all levels of management. Strategic plans and there execution are normally very complex (Robinson & Pearce, 2004) and require people with high level logistical and

analytical skills. The findings are in support of these scholars since the cumulative percentage of respondents with at least a Bachelor's Degree is 69.6% showing a high level of education.
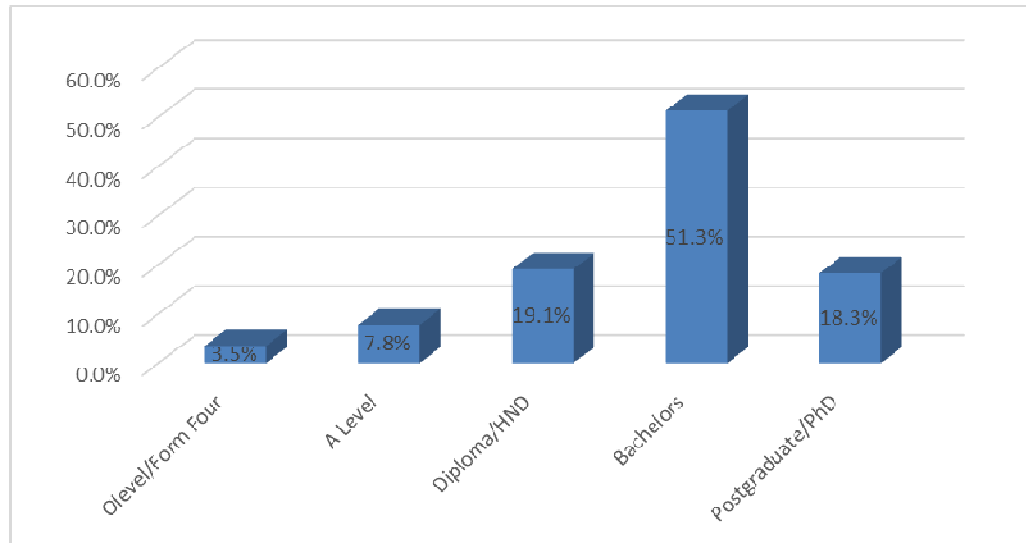
Figure 4.2: Level of Education

4.5.3 Length of Service

The study also sought to find out how long the staff had served in their current working positions in their respective companies. From Figure 4.3, more than half (61.7%) had served in their current capacities in their respective companies for over 10 years. This shows that the respondents are well informed through experience on the job they are doing and are adequately resourceful.
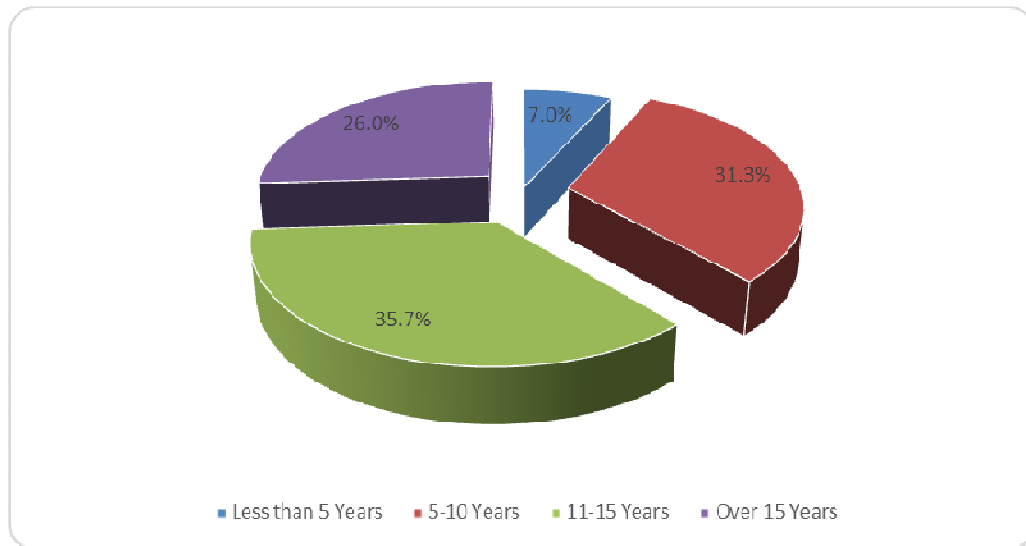
Figure 4.3: Length of Service

4.5.4 Duration of Company Existence

The study further sought to establish the duration in number of years the shipping companies have been in existence. From Figure 4.4, 73.9 % of the respondents indicated that their companies have been in existence for over 15 years. This shows that they have been in existence long enough to have a rich experience in strategy execution. These results are confirmed by a study by Kaveke (2014) on outsourcing strategy in shipping companies in Kenya which revealed that 78% of the shipping companies had been in operation for over 15 years.
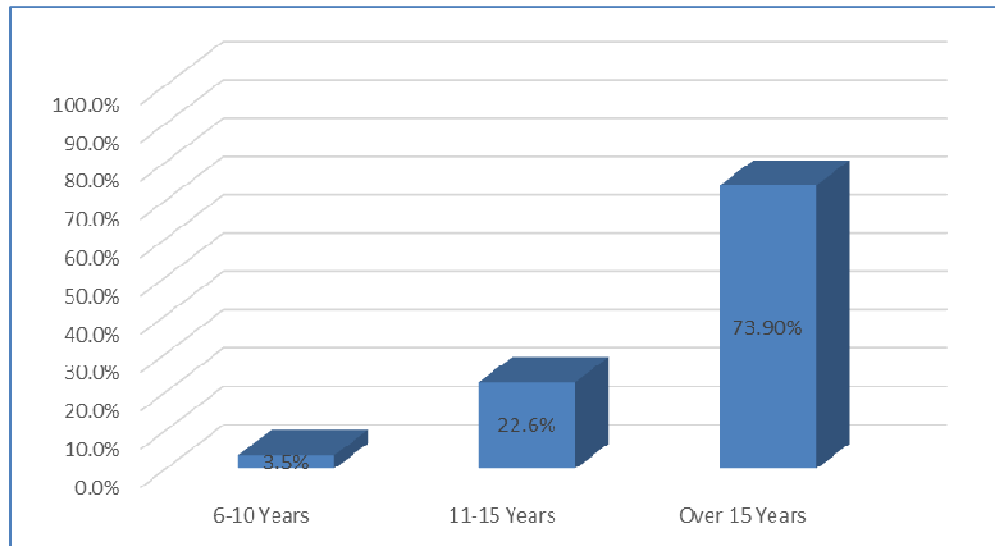
Figure 4.4: Duration of Company Existence

4.5.5 Strategy Execution

The respondents were asked to indicate if their organization executes any strategic plans, 91.3% representing 105 of the respondents indicated that their organization do execute strategic plans while 8.7 %of the respondent indicated no. This is displayed in Figure 4.5. The finding implies that the shipping companies are executing strategic plans hence good for study. However according to Pwc (2016) in their survey of CEOs globally and in Africa, pointed out that few companies are able to successfully and sustainably close the gap between their strategy and their execution gap. The few coherent companies are those with the ability to align their value proposition with their distinct capabilities and their portfolio of products and services, thus bridging the strategy-execution gap. This is argument is quite in line with the Shipping companies in Kenya, managers and supervisors role in closing the strategy-execution gap is of paramount importance.
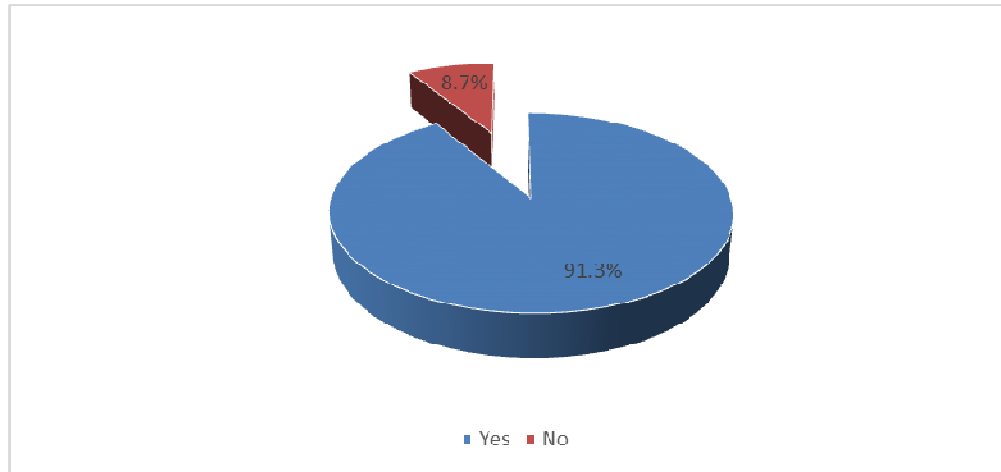
Figure 4.5: Strategy execution

4.6 Descriptive Results

The respondents were asked on their level of agreement on the indicators of strategy execution. Both descriptive and factor analysis was carried out for the dependent variable.

4.6.1 Strategy Execution

In total, 6 factors were subjected to ranking and a 5-point Likert scale was used, with the strongest factor scoring five points, whereas the least scored one point. The mean and standard deviation scores were computed as shown in Table 4.6. Among the factors which resulted from strategy execution in shipping companies in Kenya, increased customer base was found to have the highest mean score of 4.37. The experience of expanded markets follows with a mean score of 4.03. The next ranked component was the development of competitive advantage resulting from strategy execution with a mean score of 3.64 followed by the offering of quality services with a mean of 3.50. The least ranked of the results of strategy execution were increased revenues and robust strategy control systems with mean scores of 3.07 and 2.76 respectively.

Table 4.6: Strategy Execution Descriptive

	N	Mean	Std. Deviation	Coefficient of Variation (%)
We have Increased customer base	115	4.37	0.766	17.5
We have Expanded markets	115	4.03	1.100	27.3
Development of competitive advantage	115	3.64	1.078	29.6
Quality Services	115	3.50	1.398	39.9
We have increased revenues	115	3.07	1.190	38.8
Robust strategy control systems	115	2.76	1.261	45.7

4.6.2 Organization Structure

To analyse the first objective on the influence of organization structure on strategy execution both descriptive and inferential statistics was carried out. In total, 8 factors were subjected to ranking and a 5-point Likert scale was used, with the strongest factor scoring five points, whereas the least scored one point. The mean and standard deviation scores were computed as shown in Table 4.7. Among the organization structural factors which influence strategy execution in shipping companies in Kenya, level of delegation was found to have the highest mean score of 3.77. The aspect of having internal operating systems followed with a mean score of 3.71 which was also followed closely with the agreement that internal control systems was affecting strategy execution with a mean score of 3.70. The aspect of having a reward structure followed with mean of 3.61. The next ranked component was the application of a centralized organization structure and having well-coordinated units which had mean scores of 3.57 and 3.53 respectively. The least ranked of the results on the influence of organization structure on strategy execution was decentralized organization structure and the span of control with mean values of 3.10 and 2.58 respectively.

Table 4.7: Descriptive Statistics for Organization Structure

	N	Mean	Std. Deviation
Level of delegation of duties in the organization influences strategy execution	115	3.77	1.060
Internal operating systems influence strategy execution	115	3.71	.906
Internal control mechanisms influence strategy execution	115	3.70	1.084
Reward structure has influence on strategy execution	115	3.61	1.137
Centralized organization structure influences strategy execution	115	3.57	1.451
Well-coordinated units in the organization influence strategy execution	115	3.53	1.307
Decentralized organization structure influences strategy execution	115	3.10	1.249
Span of control in the organization influences strategy execution	115	2.58	1.277

4.6.3 Strategic Leadership

The second objective of the study was to evaluate the influence of strategic leadership on strategy execution in shipping companies in Kenya. From the findings as displayed in Table 4.8, 20.88% of the respondents strongly agreed that strategic leadership has an influence on strategy execution with 40.0% strongly agreeing that manager's commitment as a strategic leadership component influences strategy execution while 36.5% strongly agreed that having a clear organization vision influences strategy execution.

On average 34.51% of the respondents agreed that strategic leadership influences strategy execution with 55.7% identifying themselves with the component of supervision of strategic practices by leaders as influencing strategy execution.

Further, 21.85% of the respondents disagreed that strategic leadership influences strategy execution and associated themselves much with the aspect of having organization approaches in the appointment of staff to leadership positions and the development of integrated infrastructure in support of strategy execution which had percentage mean scores of 35.7% and 31.3% respectively. On average 4.2% of the respondents in the shipping companies strongly disagreed that strategic leadership influences strategy execution in shipping companies in Kenya with 1.7% of the respondents strongly disagreed that managers' commitment influences strategy execution in their respective shipping companies. McChesney and Covey (2015) indicate that strategy execution should be based on disciplines that work, not practices, because practices can be situational, subjective, and always evolving while principles are timeless and self-evident and they apply everywhere just like laws of nature such as gravity. The principles of strategy execution are focus, leverage, engagement and accountability.

The results agree with empirical studies by Li, and Eppler (2008) who assert that there is a need to develop commitment by the members of an organization to key strategic decisions. Here the assumption is, that people are motivated more by their perceived self-interest than by the organizational interest unless these are congruent. They found out that if middle managers believe that their self-interest is being compromised they are likely to redirect, delay or totally sabotage the implementation. Beer and Eisenstat (2000) think managers can increase commitment with involvement and integration of employees from lower levels. The involvement will create a kind of ownership in the new strategy, which increases commitment enormously.

The descriptive results show that strategic leadership influences strategy execution greatly.

Table 4.8: Descriptive Statistics for Strategic Leadership

Statement	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree	Likert Mean
Managers commitment	1.7%	10.4%	11.3%	36.5%	40.0%	4.02
Clear Organization Vision	0.0%	12.2%	12.2%	39.5%	36.5%	4.00
Supervise strategic practices	2.6%	13.0%	9.6%	55.7%	19.1%	3.76
Empower middle level managers	0.0%	26.1%	23.5%	26.1%	24.3%	3.49
Proficient Corporate management systems	4.3%	16.5%	29.6%	34.8%	14.8%	3.39
Competent Policy Framework	6.1%	29.6%	20.0%	37.4%	7.0%	3.10
Integrated infrastructure	11.3%	31.3%	11.3%	30.4%	15.7%	3.08
Appointment of staff	7.8%	35.7%	31.3%	15.7%	9.6%	2.83
Overall Mean	4.2%	21.8%	18.60%	34.51%	20.88%	3.46

4.6.4 Organizational Resources

To analyse the third objective on the influence of organization resources on strategy execution, 5 sub variables were subjected to ranking and a 5-point Likert scale was used, with the strongest factor scoring five points, whereas the least scored one point. The mean and standard deviation scores were computed as shown in Table 4.9. Among the organization resources sub variables which influence strategy execution in shipping companies in Kenya, efficient resource utilization was found to have the highest mean score of 4.13. The aspect of having adequate human resource skills to support strategy execution followed with a mean score of 3.50 which was also followed closely with the having existing guidelines for daily activities with a mean score of 3.47. The shipping companies having adequate budgetary allocations

followed with a mean score of 3.46 while the embracement of latest technological advancements was ranked last with a mean score of 3.06.

Table 4.9: Descriptive statistics results for Organization Resources

	N	Mean	Std. Dev	Variance
We efficiently utilize our resources	115	4.13	0.903	.816
We have adequate human resource skills	115	3.50	1.038	1.077
We have existing guidelines for daily activities	115	3.47	1.071	1.146
We have adequate budgetary allocations	115	3.46	1.149	1.321
We have embraced latest technological advancements	115	3.06	1.020	1.040

4.6.5 Organizational Culture

To analyse the fourth objective on the influence of organization culture on strategy execution, 8 sub variables were subjected to ranking and a 5-point Likert scale was used, with the strongest factor scoring five points, whereas the least scored one point. The mean and standard deviation scores were computed as shown in Table 4.10. Among the organization culture sub variables which influence strategy execution in shipping companies in Kenya, the respondents confirmed that employee resistance to change was influencing strategy execution as it had the highest mean score of 4.15. The culture of rewarding best performance in the shipping companies was found to have a mean score of 3.88. The culture of embracing best practices and behaviors, and the culture of accepting divergent views from employees followed both with mean scores of 3.78. The communication processes in the shipping companies scored mean of 3.73. The least ranked component was the culture of taking business risks which had a mean of 3.08.

Table 4.10: Descriptive Statistics for Organization Culture

	N	Mean	Std. Dev	Variance
Employee resistance to change	115	4.15	1.062	1.127
Rewarding best performance	115	3.88	1.010	1.020
We embrace best practices and behaviours	115	3.78	0.935	0.873
We accept of divergent views from employees	115	3.78	0.998	0.996
Our communication process influences strategy execution	115	3.73	0.940	.883
We have a compelling vision	115	3.50	1.195	1.428
We have shared values meaning and understanding	115	3.12	1.093	1.196
We take business risks	115	3.08	1.251	1.564

4.7 Factor Analysis For Strategy Execution

Factor analysis was conducted after successful testing of sampling adequacy and reliability using KMO coefficient and Cronbach alpha results. Factor analysis was conducted using Principal Components Analysis (PCA) method. The extraction of the factors followed the Kaiser Criterion where an Eigen value of 1 or more indicates a unique factor. Total Variance analysis indicates that from the 6 statements on strategy execution 3 factors can be factored into 1. The total variance explained by the extracted factors is 66.042% as shown in Table 4.11

Table 4.11: Factor Analysis for Strategy Execution

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.658	27.633	27.633	1.424	23.727	23.727
2	1.159	19.314	46.946	1.301	21.676	45.403
3	1.146	19.095	66.042	1.238	20.639	66.042
4	.844	14.069	80.111			
5	.670	11.165	91.277			
6	.523	8.723	100.000			

Extraction Method: Principal Component Analysis.

Table 4.12 shows the factor loadings for strategy execution statements. All the six factors attracted coefficients of more than 0.4 hence all the statements were retained for analysis. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions

Table 4.12: Strategy Execution Component Scores Matrix

Statement	Component Score
Strategy execution enhances offering of quality services to our customer	0.675
We have robust strategy control systems which have resulted from strategy execution	0.818
We have developed competitive advantage over our competitors because of effective strategy execution	0.836
We have increased revenues due to effective strategy execution	0.854
We have increased our customer base due to strategy execution	0.691
Our market has expanded due to strategy execution	0.767

Extraction Method: Principal Component Analysis.

4.8 Organization Structure and Strategy Execution

4.8.1 Types of Organization Structures

The respondents were asked to indicate the type of organization structures that best describe their respective companies. From the findings in Figure 4.6, 43.5% of the respondents indicated that they were operating on a functional structure, 36.5% were on divisional structure and 20.0% were on matrix structure.
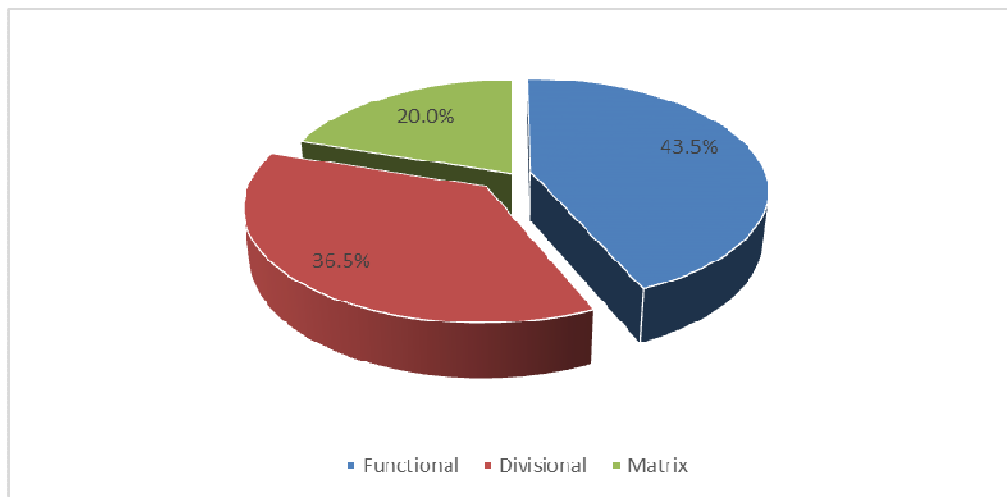
Figure 4.6: Types of Organization Structure

4.8.2 Factor Analysis

Factor analysis was conducted after successful testing of sampling adequacy and reliability using KMO coefficient and Cronbach alpha results. Factor analysis was conducted using Principal Components Analysis (PCA) method. The extraction of the factors followed the Kaiser Criterion where an Eigen value of 1 or more indicates a unique factor. Rotation methods in factor analysis are either orthogonal or oblique. Orthogonal rotation methods assume that the factors in the analysis are uncorrelated, Gorsuch (1983). While oblique rotation methods assume that the factors are correlated. SPSS offers five rotation methods: varimax, direct oblimin, quartimax, equamax, and promax, in that order.

Three of those are orthogonal (varimax, quartimax, and equimax), and two are oblique (direct oblimin and promax). For this study it was assumed that the items were not correlated hence orthogonal (varimax) rotation was adopted (Brown, 2009).

Total Variance analysis indicates that from the 8 statements on organization structure, 4 can be factored into 1 factor. As per Table 4.13 there are 4 components that are explaining 65.709% of the variance and this is displayed in the scree plot. As these components have an Eigen value greater than 1.

Table 4.13: Factor Analysis for Organization Structure

Component	Initial Eigen Values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.655	20.684	20.684	1.572	19.653	19.653
2	1.410	17.630	38.314	1.439	17.989	37.642
3	1.112	13.901	52.215	1.138	14.228	51.869
4	1.080	13.495	65.709	1.107	13.840	65.709
5	.826	10.321	76.030			
6	.766	9.569	85.599			
7	.719	8.985	94.584			
8	.433	5.416	100.000			

Table 4.14 shows the factor loadings for organization structure statements. 8 factors were subjected to analysis using Varimax rotation which converged in 6 iterations. One factor had a component score of 0.143 which was dropped for further analysis as it did not meet the threshold of 0.4. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions

Table 4.14: Organization Structure Component Matrix

Statement	Component Score
We have a centralized organization structure which affects how we execute strategy	*0.143
We have a decentralized organization structure which affects how we execute strategy	0.828
Our existing reward structure in the organization has an effect on strategy execution	0.710
We have a strategic span of control that affects strategy execution	0.677
Our organization structure has units that are well coordinated hence affecting strategy execution	0.620
The internal control mechanisms in the organization have an effect on strategy execution	0.831
The level of delegation of duties in the organization has an effect on strategy execution	0.452
Our existing internal operating systems in the company have an effect on strategy execution	0.800

*Indicator with a factor loading of less that 0.4 after rounding off was dropped from further analysis

 Extraction Method: Principal Component Analysis.

4.8.3 Relationship between Organization Structure and Strategy Execution

Correlation is a statistical measurement of the relationship between two variables which can either be positive or negative (Bryman & Bell, 2011). Possible correlations range from +1 to -1. A zero correlation indicates there is no relationship between the variables of the study. A correlation of -1 indicates a perfect negative correlation meaning that as one variable goes up, the other goes down. A correlation of +1 indicates a perfect positive correlation, meaning both variables move in the same direction together.

Examining the statistical significance of a computed correlation coefficient which is based on randomly selected sample provides information about the likelihood that the coefficient will be found in the population from which the sample was taken (Bryman & Bell, 2011). Correlation analysis was important in this study as it formed the basis for the relationships between variables of the study. Correlation would however not be final as it does not infer causation / influence of which this study had an interest.

The Pearson's' correlation results for organization structure in this study was ($r = 0.094$, $p = 0.319$) as shown in Table 4.12. These results indicate a weak and insignificant relationship between organization structure and strategy execution in shipping companies in Kenya. This means that structure in shipping companies in Kenya does not impact much on strategy execution and that an increase in restructuring of shipping companies will lead to a minimal increase in strategy execution, this contradicts studies by Drazin and Howard (2009) which indicate that strategy-structure alignment is a precursor to successful strategy execution.

This finding contradicts the study by Kalali et al. (2011) on why strategic plans implementation fail in which one of the variables related to failure of strategic decisions was divergent organizational structure. In support of this finding, Bush (2007) suggests that in a hierarchical organizational structure, employees and leaders are given clearly defined roles and although it has some disadvantages, the structure comes with several advantages that make it worth considering. Musyoka (2011)

argues that the choice of a particular structure is a formidable challenge and that the strategic challenge in the functional structure is the effective coordination of the separate functional units. The findings imply that the type of organizational structures adopted by shipping companies have no influence to strategy execution.

Table 4.15: Relationship between Organization Structure and Strategy Execution

		Organization Structure	Strategy Execution
Organization Structure	Pearson Correlation	1	0.094
	Sig. (2-tailed)		0.319
	N	115	115
Strategy Execution	Pearson Correlation	0.094	1
	Sig. (2-tailed)	0.319	
	N	115	115

4.9 Strategic Leadership and Strategy Execution

4.9.1 Leadership Styles

The respondents were asked to indicate the type of leadership styles that best describe their respective companies. From the findings in Figure 4.7, 45.2% of the respondents indicated that they were exercising autocratic leadership style, 29.6% were practising transformational leadership style and 25.2% were exercising laissez-faire type of leadership. The results are in agreement with a study by Menguc, Auh, and Shih (2007) who found out that managers' use of transformational leadership skills results in the best competitive strategies, including innovation differentiation, marketing differentiation, and low cost of the product. They also found out that the leadership style in a given organization influences how the chosen strategies will be implemented. Organizational structure, delegation of responsibilities, freedom of managers to make decisions, and the incentives and rewards systems will all be influenced by the leadership style in a particular organization.
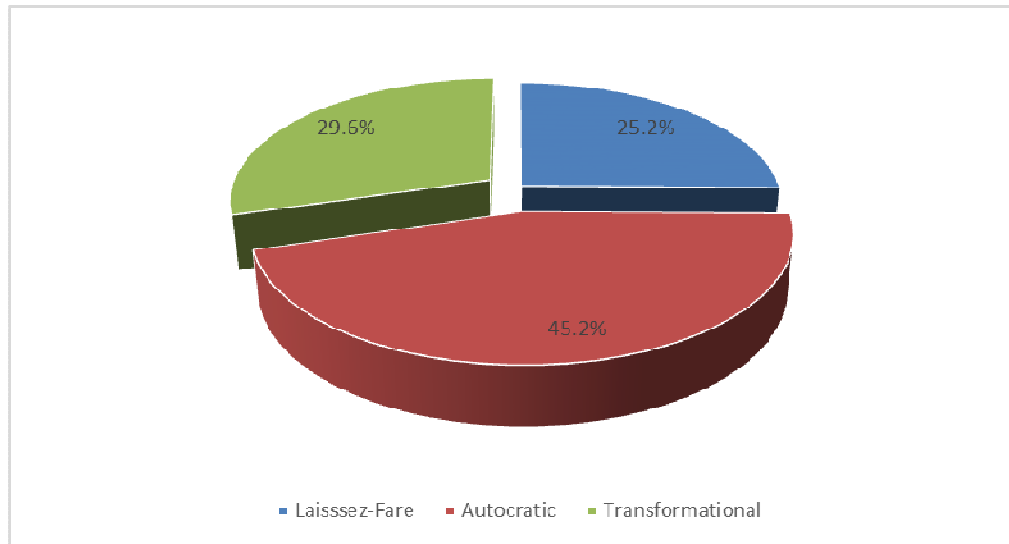
Figure 4.7: Leadership Styles

4.9.2 Factor Analysis for Strategic Leadership

Factor analysis was conducted after successful testing of sampling adequacy and reliability using KMO coefficient and Cronbach alpha results. This was conducted using Principal Components Analysis (PCA) method. The extraction of the factors followed the Kaiser Criterion where an Eigen value of 1 or more indicates a unique factor. Rotation methods in factor analysis are either orthogonal or oblique. Orthogonal rotation methods assume that the factors in the analysis are uncorrelated, Gorsuch (1983).

Total Variance analysis indicates that 3 statements on strategic leadership can be factored into 1 factor. As per Table 4.16 there are 3 components that are explaining 52.142% of the variance and this is displayed in the scree plot. As these components have an Eigen value greater than 1.

Table 4.16: Factor Analysis for Strategic Leadership

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cum %
1	1.808	22.599	22.599	1.607	20.087	20.087
2	1.222	15.276	37.875	1.291	16.143	36.230
3	1.141	14.267	52.142	1.273	15.912	52.142
4	.954	11.931	64.073			
5	.889	11.113	75.186			
6	.789	9.867	85.054			
7	.716	8.955	94.009			
8	.479	5.991	100.000			

Extraction Method: Principal Component Analysis

Table 4.17 shows the factor loadings for strategic leadership statements. One factor had a factor loading of less than 0.4 so it was not retained for further analysis. All the other seven factors from the eight were retained for further analysis as they had attracted coefficients of more than 0.4. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions

Table 4.17: Strategic Leadership Component Matrix

Variable Indicator	Component
Managers commitment	0.663
Appointment of staff	0.656
Competent policy framework	0.634
Proficient corporate management systems	*0.394
Supervise strategic execution practices	0.735
Clear organization vision	0.673
Integrated strategy management infrastructure	0.828
Empower middle level managers	0.626

*Indicator with a factor loading of less than 0.4 after rounding off was dropped from further analysis

4.9.3 Relationship between Strategic Leadership and Strategy Execution

Table 4.18 shows the correlation results which indicate that there was a positive and significant relationship between strategic leadership and strategy execution. This reveals that any positive change in strategic leadership led to increased execution of strategy. The relationship has been illustrated by the correlation co-efficient of 0.479, implying a positive relationship between strategic leadership and strategy execution in the shipping companies in Kenya. This was also evidenced by the p value of 0.000 which is less than that of critical value (0.05). The results are supported studies by O'Reilly, Caldwell, Chatman, Lapiz and Self (2010) which show that leaders often have a substantial impact on performance.

Thus in the execution process the leader can play an important role. He has to assure, that the rest of the organization is committed to the strategy, by convincing the employees that a new strategy is important and also create a meaning of strategy, so that the employees support this strategy. They state that a leader has to deal with resistance, allocate resources and create consensus. This consensus is especially

important, so that leaders at subordinate levels reinforce the strategy and the whole workforce of the organization has a compelling direction. The study results are in agreement with study results by several researchers who have emphasized the effect of top management on strategy implementation (Schmidt & Brauer, 2006; Schaap, 2006). Most of them point out the important figurehead role of top management in the process of strategy implementation. Schmidt and Brauer (2006), for example, take the board as one of the key subjects of strategy implementation and discuss how to assess board effectiveness in guiding strategy execution.

Table 4.18: Relationship between Strategic Leadership and Strategy Execution

Variable		Strategy Execution	Strategic Leadership
Strategy Execution	Pearson Correlation	1	.479
	Sig. (2-tailed)		.000
	N	115	115
Strategic Leadership	Pearson Correlation	.479	1
	Sig. (2-tailed)	.000	
	N	115	115

4.10 Organization Resources and Strategy Execution

The respondents were asked to indicate the type of business company resources they considered most relevant in strategy execution. From the findings in Figure 4.8, 36.5% of the respondents indicated that they considered human resources as key in strategy execution while 29.6% considered finances as key to strategy execution. Further 11.3% of the respondents agreed that technology was the key resource in strategy execution in their shipping companies while 22.6% of the respondents said that a combination of all the resources was relevant in strategy execution. This finding agrees with David (2009) who asserts that organizations have at least four types of resources that can be used to achieve desired objectives, namely financial,

physical, human and technological. The various activities necessary to implement any particular strategy should be defined in terms of each type of resource required. The operating level must have the resources needed to carry out each part of the strategic plan including strategy execution.
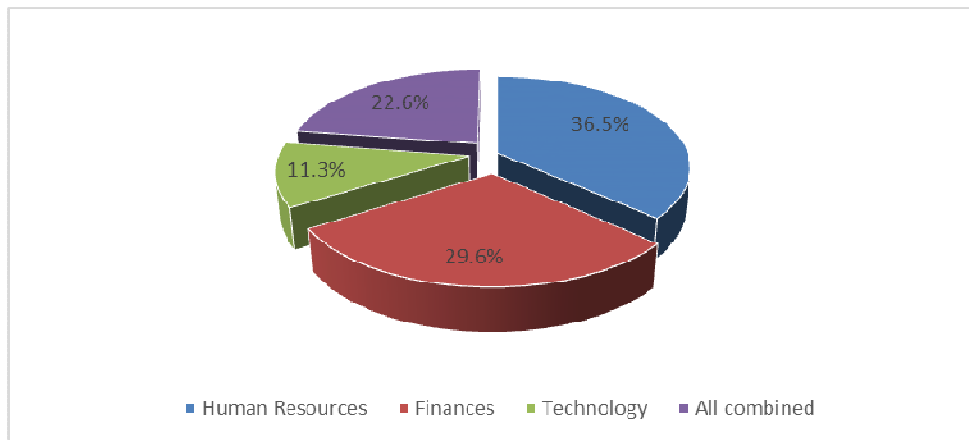
Figure 4.8: Types of organization resources

4.10.1 Factor Analysis for Organization Resources

Factor analysis was conducted after successful testing of sampling adequacy and reliability using KMO coefficient and Cronbach alpha results. This was conducted using Principal Components Analysis (PCA) method. The extraction of the factors followed the Kaiser Criterion where an Eigen value of 1 or more indicates a unique factor. Rotation methods in factor analysis are either orthogonal or oblique. Orthogonal rotation methods assume that the factors in the analysis are uncorrelated, Gorsuch (1983). Total Variance analysis indicates that 2 statements on organization resources can be factored into 1. As per Table 4.19 there are 2 components that are explaining 50.297% of the variance and this is displayed in the scree plot. As these components have an Eigen value greater than 1.

Table 4.19: Factor Analysis for Organization Resources

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.457	29.145	29.145	1.304	26.085	26.085
2	1.058	21.153	50.297	1.211	24.212	50.297
3	.924	18.482	68.779			
4	.810	16.196	84.975			
5	.751	15.025	100.000			

Extraction Method: Principal Component Analysis.

Table 4.20 shows the factor loadings for organization resources statements. All the 5 factors were retained for further analysis as they had attracted coefficients of more than 0.4. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions

Table 4.20: Organization Resources Component Score Matrix

Variable Indicator	Component
Adequate human resource skills	0.758
Adequate budgetary allocations	0.604
Efficient resource utilization	0.582
Existence of guidelines for strategy execution	0.673
Latest technological advancements	0.608

4.10.2 Relationship between Organization Resources and Strategy Execution

Table 4.21 shows the correlation results which indicate that there was a positive and significant relationship between organization resources and strategy execution. This reveals that any positive change in organization resources led to increased execution of strategy activities. The relationship has been illustrated by the correlation coefficient of 0.341, implying a positive relationship between organization resources and strategy execution in shipping companies in Kenya. This was evidenced by the p value of 0.000 which is less than that of critical value (0.05).

Table 4.21: Relationship between Organization Resources and Strategy Execution

Variable		Strategy Execution	Organization Resources
Strategy Execution	Pearson Correlation	1	.341
	Sig. (2-tailed)		.000
	N	115	115
Organization Resources	Pearson Correlation	.341	1
	Sig. (2-tailed)	.000	
	N	115	115

The study findings are in support of some studies in literature by Penrose (2010) and Barney (2012) which suggest that a proper combination and utilization of firm resources impact positively on strategy execution and firm performance. Further these results are supported by Fulmer (1990) mentioned that human resources management plays an important role in the effective implementation of strategic plans. It is important for both organization departments and employees to be enthusiastic about the strategy implementation.

Getting people involved and having a motivating reward system will have a positive influence on the implementation of strategy. In addition, technological advancement in terms of speedy processes and procedures, as well as design, will also make a positive contribution to the successful implementation of strategies.

4.11 Organization Culture and Strategy Execution

Table 4.22 shows the factor loadings for organization culture statements. 8 factors were subjected to analysis using Varimax rotation which converged in 5 iterations. One factor had a component score of 0.329 and another had a component score of 0.213. These two factors were dropped for further analysis as they did not meet the threshold of 0.4. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.4 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.4 has good factor stability and deemed to lead to desirable and acceptable solutions

Table 4.22: Factor Analysis for organization Culture

Variable Indicator	Component
Taking business risks	0.816
Shared values, meaning and understanding	0.709
Practices and behaviours	0.427
Rewarding best performance	*0.329
Compelling Vision	0.799
Acceptance of divergent views	0.647
Communication process	0.817
Employee resistance to change	*0.213

*Indicator with a factor loading of less than 0.4 after rounding off was dropped from further analysis

4.11.1 Relationship between Organization Culture and Strategy Execution

Table 4.23 shows the correlation results which indicate that there was a positive and significant relationship between organization culture and strategy execution. This reveals that any positive change in organization culture will lead to increased execution of strategy. The relationship has been illustrated by the correlation co-efficient of 0.327, implying a positive relationship between organization culture and strategy execution in the shipping companies in Kenya. This was also evidenced by the p value of 0.000 which is less than that of critical value (0.05). The results are supported by studies done by Aksoy et al. (2014), Kibicho (2015), Biswas (2009) who contend that corporate culture is vital in a business firm as it has a positive bearing in strategy execution, human resource performance and development. Also a study by Gostick and Elton (2007) which found out that culture influences strategy execution and employee performance.

Table 4.23 Relationship between Organization Culture and Strategy Execution

Variable		Strategy Execution	Organization Culture
Strategy Execution	Pearson Correlation	1	0.327
	Sig. (2-tailed)		0.000
	N	115	115
Organization Culture	Pearson Correlation	0.327	1
	Sig. (2-tailed)	0.000	
	N	115	115

4.12 Overall Correlation Analysis

The study conducted correlation analysis to test the strength of association/relationship between the research variables. Correlation indicates both direction and degree to which the variables co-vary with one another from case to case without implying that one is causing the other. Correlation analysis results give a correlation coefficient which measures the linear association between two variables (Crossman, 2013). The overall correlations analysis results are presented in table 4.24.

Table 4.24 Correlation Analysis Combined Effect

		Organization Structure	Strategic Leadership	Organizational Resources	Organizational Culture	Strategy Execution
Organization Structure	Pearson Correlation	1	.579**	.609**	.663**	.425
	Sig. (2-tailed)		.000	.000	.000	.401
	N	115	115	115	115	115
Strategic Leadership	Pearson Correlation	.579	1	.773	.854**	.947**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	115	115	115	115	115
Organizational Resources	Pearson Correlation	.609**	.773**	1	.512	.689**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	115	115	115	115	115
Organizational Culture	Pearson Correlation	.663**	.854**	.512	1	.778**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	115	115	115	115	115
Strategy Execution	Pearson Correlation	.425	.947**	.689**	.778**	1
	Sig. (2-tailed)	.401	.000	.000	.000	
	N	115	115	115	115	115

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

4.13 Quantitative Analysis

Firstly, questionnaires were analysed using descriptive statistics which helped to analyse trends in data (Kothari, 2012). Data was then subjected to inferential statistics to establish relationships between variables. Hypothesis was tested using the multiple regression model in order to link the relationships between strategic management determinants and strategy execution (Kraus, Harms & Schwarz, 2006). The quantitative findings of the research have been presented under correlation analysis and regression analysis. The hypothesis was tested using the F-test and Karl Pearson's coefficient of correlation. The hypothesis was tested at 95% confidence level ($\alpha = 0.05$).

4.14 Regression Analysis

Regression assumes that variables have normal distributions. Non-normally distributed variables (highly skewed or kurtotic variables, or variables with substantial outliers) can distort relationships and significance tests. There are several pieces of information that are useful to the researcher in testing this assumption: visual inspection of data plots, skewness, kurtosis, and P-P plots give researchers information about normality, and Kolmogorov-Smirnov tests provide inferential statistics on normality.

Similarly, the data was subjected to statistical collinearity diagnostic tests. Collinearity is a condition in which some of the independent variables are highly correlated. Table 4.25 shows the collinearity coefficient results. The variance inflation factors (VIF) show the degree of collinearity among the independent variables. If all the values of VIF are near 1, then collinearity is not a problem. If VIF is greater than 10 it indicates serious collinearity. Therefore it was deemed necessary to test for multicolinearity of variables before application of multiple regression analysis (Hair *et al.,* 2010).

Table 4.25: Collinearity Coefficients Results

Model	Collinearity Statistics	
	Tolerance	**VIF**
Organization Structure Mean	0.463	2.162
Organizational Culture Mean	0.542	1.845
Organizational Resources Mean	0.609	1.643

Tested against: Strategic Leadership Mean

Multicollinearity occurs when two or more predictors in the model are correlated. This can bring a problem because it leads to increased standard error of estimates and it can give misleading and confusing results in a study. Moderate multicollinerity may not be a problem but a severe one can increase the variance of the coefficient of estimates and make them sensitive to minor changes. If this happens the results will be unstable and difficult to interpret. From the results, the collinearity coefficients showed that all the independent variables were slightly correlated to each other. This is because none of the VIF for all the study variables exceeded 10, the threshold beyond which multicollinearity was a problem (Kock & Lynn, 2012)

4.14.1 Regression Results of Strategic Execution Determinants

The study was based on the premise that strategic management determinants do not influence strategy execution. Accordingly, four relevant hypotheses had been set to guide the study as highlighted in the conceptual framework in chapter two and chapter one. In order to establish the statistical significance of respective hypotheses, simple and multiple linear regression analysis were conducted as appropriate at 95 percent confidence level ($\alpha = 0.05$).

The following sections present the results of the hypotheses tests: The aggregate mean score of organization culture, strategic leadership, organization structure and organizational resources (independent variables) were regressed on the aggregate

mean scores of strategy execution measures (dependent variable) and the relevant results were presented in tables.

4.14.2 Relationship between Organization Structure and Strategy Execution

Regression analysis was conducted to empirically determine whether organization structure is a significant determinant of strategy execution in shipping companies in Kenya. The coefficient of determination R^2 of 0.009 indicates that organization structure on its own in the model explains 0.9% of the variation or change in the dependent variable (strategy execution). The remainder of 99.1% is explained by other factors and variables other than organization structure. The Adjusted R^2 was 0.000 which did not change the results substantially as it reduced the explanatory behaviour of the predictor from 0.94% to 0.9% Table 4.26 shows the organization structure model results.

Table 4.26: Organization Structure Model Results

Model	Coefficient
R	0.094
R Square	0.009
Adjusted R Square	0.000
Std. Error of the estimate	0.4982

Table 4.27 shows the Analysis of Variance (ANOVA) of the influence of organization structure on strategy execution of shipping companies in Kenya. The results with a p-value of 0.319 indicated that the linear model was not statistically significant in explaining the influence of organization structure on strategy execution. The F statistic of 1.003 that was obtained from the model is less than F-critical (1,114) at P=0.05 this implies that we do not reject the null hypothesis that organization structure has no significant influence on strategy execution in Shipping companies in Kenya. The decision rule for F Test is Reject H_0 if the F-Calculated is greater than or equal to F-Critical do not reject H_0 if F Calculated is less than F Critical.

Table 4.27: ANOVA Results for Organization Structure and Strategy Execution

Indicator		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.359	1	.359	1.003	.319[b]
	Residual	40.444	113	.358		
	Total	40.803	114			

a. Dependent Variable: Strategy Execution

b. Predictors: (Constant), Structure

Table 4.28 shows the model coefficients of the regression results of organization structure on strategy execution in shipping companies in Kenya. In order to establish the statistical significance of respective hypotheses, simple linear regression analysis was conducted as appropriate at 95 percent confidence level ($\alpha = 0.05$). The organization structure coefficients are presented in Table 4.26. The results show that organization structure does not contribute significantly to the model since the p-value (0.000) for the constant and gradient is greater than 0.05. The results are in contrast with the empirical study by Olsen, Slater and Hult (2005) in which they found out that strategy execution is strongly influenced by how well a firm's Strategy is matched to its organizational Structure and the behavior of its employees. They saw many organizations adopted structures and encouraged behaviors that reinforce their market strategy and concluded, that firms that match structure and behavior to strategy fare better than those that do not.

Table 4.28: Model Coefficients of Organization Structure

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	3.175	.391		8.131	0.000
1	Organization structure	0.113	0.113	0.094	1.002	0.319

From the model coefficients, the goodness of fit of the model: $Y = \beta 0 + \beta 1X1 + \varepsilon$ which is the linear model involving organization structure (X1) as the only independent variable becomes: $Y = 3.175 + 0.113 X_1$ as shown in Table 4.26.

4.14.3 Relationship between Strategic Leadership and Strategy Execution

Regression analysis was conducted to empirically determine whether strategic leadership is a significant determinant of strategy execution in shipping companies in Kenya. The coefficient of determination R^2 of 0.230 indicates that strategic leadership on its own in the model explains 23.0% of the variation or change in the dependent variable (strategy execution). The remainder of 77.0% is explained by other factors and variables other than strategic leadership. The Adjusted R^2 was 0.223 which did not change the results substantially as it reduced the explanatory behavior of the predictor to 23.0% Table 4.29 shows the goodness of fit of the model: $Y = \beta 0 + \beta 2X2 + \varepsilon$ which is the linear model involving strategic leadership (X2) as the only independent variable.

Table 4.29: Model Summary for Strategic Leadership

Model	Coefficient
R	0.479
R Square	0.230
Adjusted R Square	0.223
Std. Error of the estimate	0.52745

The overall model significance was presented in Table 4.30. An F statistic of 33.668 indicated that the overall model was significant as it was larger than the critical F value of 3.94 with (1, 114) degrees of freedom at the P=0.05 level of significance. The findings imply that strategic leadership was statistically significant in explaining strategy execution in shipping companies in Kenya. The study, therefore, rejected the null hypothesis H_{02} at 95% confidence interval, meaning there was a significant relationship between strategic leadership and strategic execution. This finding conforms to the study by Joostie and Fourie (2009) on the role of strategic leadership in effective strategy execution that established that strategic leadership is one of the most important drivers of strategy execution.

The study further established that determining strategic direction for the organization as the strategic leadership action that plays the most important role in effective strategy implementation. In support of this finding, Kalali et al. (2011) consider non-commitment of decision makers who do not have enough commitment to implement the strategy as a factor related to failure of strategy implementation. The results further corroborate with a study by Speculand (2014), which found out that to conduct a successful strategy execution, leaders should focus on both crafting and executing strategy, oversee and stay committed to the execution, adapt and amend strategy and execution as required, create the right conditions for the execution and carry out follow-up.

Table 4.30: ANOVA for Strategic Leadership

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	9.366	1	9.366	33.668	.000
Residual	31.437	113	.278		
Total	40.803	114			

Table 4.31 shows the model coefficients of the regression results of strategic leadership on strategy execution shipping companies in Kenya. In order to establish the statistical significance of respective hypotheses, multiple linear regression analysis was conducted as appropriate at 95 percent confidence level ($\alpha = 0.05$). The results show that strategic leadership contributes significantly to the model since the p-value (0.000) for the constant and gradient is less than 0.05.

The fitted equation is as shown in Table 4.29

$$Y = 1.713 + 0.533X_2$$

Table 4.31: Coefficients for Strategic Leadership

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.713	.323		5.310	.000
Strategic Leadership	.533	.092	.479	5.802	.000

4.14.4 Relationship between Organization Resources and Strategy Execution

Regression analysis was conducted to empirically determine whether organization resources is a significant determinant of strategy execution in shipping companies in Kenya. The coefficient of determination R^2 of 0.116 indicates that organization resources on its own in the model explains 11.6% of the variation or change in the dependent variable (strategy execution). The remainder of 88.4% is explained by other factors and variables other than organization resources. The Adjusted R^2 was 0.109 which did not change the results substantially as it reduced the explanatory behavior of the predictor to 11.6% Table 4.30 shows the goodness of fit of the model: $Y = \beta 0 + \beta_3 X3 + \varepsilon$ which is the linear model involving organization resources (X3) as the only independent variable.

Table 4.32: Model Summary for Organization Resources

Model	Coefficient
R	0.341
R Square	0.116
Adjusted R square	0.109
Std Error of the estimate	0.56484

The overall model significance was presented in Table 4.33. An F statistic of 14.892 that was obtained from the model is greater than F-critical (1, 114) at P=0.005 this implies that we reject the null hypothesis that organization resources has no significant influence on strategy execution in Shipping companies in Kenya. The findings imply that organization resources was statistically significant in explaining strategy execution. The study, therefore, rejected the null hypothesis H_{03} at 95% confidence interval, meaning there was a significant relationship between organization resources and strategic execution.

Table 4.33: ANOVA for Organization Resources

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.751	1	4.751	14.892	.000[b]
Residual	36.052	113	.319		
Total	40.803	114			

Table 4.34 shows the model coefficients of the regression results of organization resources on strategy execution in shipping companies in Kenya. In order to establish the statistical significance of respective hypotheses, multiple linear regression analysis was conducted as appropriate at 95 percent confidence level (α = 0.05). The results show that organization resources contribute significantly to the model since the p-value (0.000) for the constant and gradient is less than 0.05.

The fitted equation is as shown in Table 4.32

$Y = 2.257 + 0.370 X_3$

Table 4.34: Coefficients for Organization Resources

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.257	.342		6.597	.000
Organization Resources	0.370	.096	0.341	3.859	.000

4.14.5 Relationship between Organization Culture and Strategy Execution

Regression analysis was conducted to empirically determine whether organization culture is a significant determinant of strategy execution in shipping companies in Kenya. The coefficient of determination R^2 of 0.327 indicates that organization culture on its own in the model explains 32.7% of the variation or change in the dependent variable (strategy execution). The remainder of 67.3% is explained by other factors and variables in the model other than organization culture. The Adjusted R^2 was 0.107 which did not change the results substantially as it reduced the explanatory behavior of the predictor to 32.7% Table 4.35 shows the goodness of fit of the model: $Y = \beta0 + \beta_4 X4 + \varepsilon$ which is the linear model involving organization resources (X4) as the only independent variable.

Table 4.35: Model Summary for Organization Culture

Model	Coefficient
R	0.327
R Square	0.107
Adjusted R square	0.099
Std Error of the estimate	0.56796

The overall model significance was presented in Table 4.36. An F statistic of 13.491 that was obtained from the model is greater than F-critical (1, 114) at P=0.05 this implies that we reject the null hypothesis that organization culture has no significant influence on strategy execution in Shipping companies in Kenya. The findings imply that organization culture was statistically significant in explaining strategy execution. The study, therefore, rejected the null hypothesis H_{04} at 95% confidence interval, meaning there was a significant relationship between organization culture and strategic execution. The findings conform to Thompson *et al*. (2007) who observe that corporate culture is considered one of the success factors for strategy implementations because it influences the organization's actions, approaches to conducting business and the way of executing strategies. Beaudan (2007) supports

that a company's culture can promote strategy execution, when its values are strategy-supportive and its practices and behavioural norms add to the company's strategy execution efforts.

Corporate culture should be supportive of the strategies being pursued. Wheelen and Hunger (2010) allude that unless is in complete agreement with the culture, any significant change in strategy should be followed by a modification of the company corporate culture. It's the role of management to manage corporate culture by evaluating what a particular change in strategy means to the corporate culture, assessing whether is needed and decide whether an attempt to change the change culture is cost effective.

Table 4.36: ANOVA for Organization Culture

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	4.352	1	4.352	13.491	.000[b]
Residual	36.452	113	.323		
Total	40.803	114			

Table 4.37 shows the model coefficients of the regression results of organization culture on strategy execution in shipping companies in Kenya. In order to establish the statistical significance of respective hypotheses, multiple linear regression analysis was conducted as appropriate at 95 percent confidence level ($\alpha = 0.05$). The organization culture coefficients are presented in Table 4.35. The results show that organization culture contribute significantly to the model since the p-value (0.000) for the constant and gradient is less than 0.05. The fitted equation is as shown below

$Y = 2.330 + 0.352 X_4$

Table 4.37: Coefficients for Organization Culture

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.330	.340		6.861	.000
Organization Culture	.352	.096	.327	3.673	.000

4.15 Multivariate Regression

A multiple regression analysis was conducted to investigate the joint causal relationship between the independent variables and dependent variable (strategy execution). This is represented by the overall model, $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

The coefficient of determination R square and correlation coefficient (r) shows the degree of association between the independent variables and strategy execution. The results of the multiple regression indicate R= 0.748 and R^2= 0.620 as shown in Table 4.38. This is an indication that there is a strong relationship between independent variables and the dependent variable strategy execution. From the model summary the adjusted R^2 was 0.595; this indicates that strategic management determinants explain 59.5% of variations in strategy execution in shipping companies in Kenya.

Table 4.38: Model Summary for Determinants of Strategy Execution

Indicator	Coefficient
R	0.748
R Square	0.620
Adjusted R	0.595
Std Error of the estimate	0.40948

The overall model significance was presented in Table 4.39. An F statistic of 11.799 indicated that the overall model was significant as it was larger than the critical F value of 2.46 with (4, 114) degrees of freedom at the P=0.05 level of significance. The findings imply that strategic execution determinants were statistically significant in explaining strategy execution in shipping companies in Kenya.

Table 4.39: ANOVA for Determinants of Strategy Execution

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	12.250	4	3.063	11.799	.000[b]
Residual	28.553	110	.260		
Total	40.803	114			

Table 4.40: Model Summary and Parameter Estimates

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.790	.491		1.608	.111
Organization Structure	-.029	.099	-.024	-.291	.771
Strategic Leadership	.397	.098	.357	4.045	.000
Organization Resources	.233	.092	.215	2.529	.013
Organization Culture	.192	.092	.178	2.079	.040

Regression results in Table 4.40 indicated that the relationship between strategy execution and organization structure was negative and insignificant (β_1= -0.029, p-value, 0.771). Results further indicated that strategic leadership had a positive and significant relationship with strategy execution (β_2=0.397, p value, 0.000). This implies that an increase in strategic business leadership by 1 unit leads to an increase in strategy execution in the shipping companies in Kenya by 0.397 units. The results further indicated that the relationship between strategy execution and organization resources was positive and significant (β_3= 0.233, p value, 0.013). This implies that an increase in organization resources by 1 unit leads to an increase in strategy execution by 0.233 units.

The results further indicated that the relationship between strategy execution and organization culture was positive and significant (β_4= 0.192, p value, 0.040). This implies that an increase in organization culture by 1 unit leads to an increase in strategy execution by 0.192 units. The results agree with studies by (Ashkenas & Francis, 2000; Beer & Nohria, 2000; Cater & Pucko, 2010) who confirm that strategy execution requires a combination of factors which include leadership skills,

precision planning, and organizing of resources and activities as well as ensuring people's commitment to the new strategy. For implementation to be possible there has to be stability between strategy and each organization dimension such as organization culture, structure, reward structure and resource allocation otherwise excellently formulated strategies will fail if they are not properly implemented. Although most authors agree that these factors affect strategy implementation, each factor's impact is at a different level and carries a different force.

After the multiple regression analysis the model arrived at was as follows;

$Y = 0.790 - 0.029X_1 + 0.397X_2 + 0.233 X_3 + 0.192X_4$

Strategy Execution = 0.790 -0.029 Organization Structure +0.397 Strategic Leadership +0.233 Organization Resources +0.192 Organization Culture

The Y- intercept 0.790 is the predicted value of the intensity of strategy execution when all the other variables are 0, implying that without inputs of the independent variables the intensity of executing strategy in shipping companies in Kenya would be 0.790. The other coefficients tell about the relationship between independent and dependent variables.

4.16 Optimal Model

The goodness of fit of model results are indicated in Table 4.41. This was done after removing the organizational structure variable which was negative and insignificant (β_1= -0.029, p-value, 0.771. and it affirms the significance of the model where the R-Square, the Coefficient of Determination is 0.913 which confirms that the model (the selected variables) explain 91.3% of the variations or change in the dependent variable. The adjusted R Square, which is 0.781 is still very close to the coefficient of determination, meaning that the independent variables were well selected. Since the R Square is 0.913, out of a maximum value of 1, it is a strong indicator of the relationship between strategy execution and the independent variables, because an R Square of less than 0.7 is not acceptable, meaning that there was wrong choice of the concept.

Table 4.41: Goodness of Fit Model

Indicator	Coefficient
R	0.955[a]
R Square	0.913
Adjusted R	0.781
Std Error of the estimate	0.55896
Durbin-Watson	2.317

a. Predictors: (Constant), Organizational Culture Organizational Resources, Strategic Leadership

b. Dependent Variable: Strategy Execution

The model $Y = \alpha + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$ explained 91.3% of the variations in strategy execution in selected shipping companies in Kenya as shown in Table 4.41. This showed that organization resources, strategic leadership and organization culture explained 91.3% of the variations in strategy execution. The adjusted R Square did not make a significant difference since the model once adjusted explained 78.10% of the variations while the remaining 21.9% is explained by other factors. The standard error of the estimate was 0.55896

Table 4.42: Optimal Model Summary and Parameter Estimates

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.798	2.826		.282	.004
Strategic Leadership	1.685	.802	1.280	2.101	.010
Organizational Resources	-.455	.888	-.189	-.512	.009
Organizational Culture	-.370	.764	-.218	-.485	.000

a. Dependent Variable: Strategy Execution

The model can be fitted as follows:

$Y= 0.798 + 1.685\ X_2\ -0.455+\ X_3\ -0.370\ X_4$

Where:

Y= Strategy execution

X2= Strategic Leadership

X3= Organizational Resources

X4= Organizational Culture

From the results it implies that shipping companies need to manipulate the three factors that improve on strategic leadership, organization resources and organization culture, because they all have an effect on strategy execution to their companies.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of major findings of the study, conclusions and the recommendations. The study sought to establish the determinants of strategy execution in shipping companies in Kenya. The summary of key findings, conclusions and recommendations is done in line with the objectives of the study based on the output of the descriptive and inferential statistical analyses guided to test the research hypothesis of the study.

5.2 Summary of the Findings

5.2.1 Influence of organization structure on strategy execution in Shipping Companies in Kenya

The first objective of the study was to evaluate the influence of organization structure on strategy execution in shipping companies in Kenya. The study findings indicated that organization structure was not a key determinant of strategy execution in strategy execution in the shipping companies in Kenya.

The respondents further confirmed that they their companies were structured with 43.5% operating on functional structures. The respondents agreed that the level of duty delegation within the shipping companies affected strategy execution, however they disagreed with the decentralized structures and span of control as aspects influencing strategy execution in the positive way. Regression and correlation results (beta= 0.113, p-value=0.319) indicated that there was a positive and insignificant relationship between organization structure and strategy execution in shipping companies in Kenya.

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5.2.2 Influence of strategic leadership on strategy execution in Shipping Companies in Kenya

The second objective of the study was to establish the influence of strategic leadership on strategy execution in shipping companies in Kenya. Results indicated that almost half of the respondents agreed that they had a form of autocratic type of leadership style while the other half was divided between transformational and laissez-faire type of leadership. The respondents strongly agreed that manager's commitment with strategy execution matters in the companies was influencing strategy execution. Further the respondents agreed that having clear company vision was influencing strategy execution. Results further indicated that the appointment of staff within the companies was not a key strategic leadership factor influencing strategy execution in the shipping companies in Kenya.

Regression and correlation results (beta=0.533, p-value=0.000) indicated that there was a positive and significant relationship between strategic leadership and strategy execution in shipping companies in Kenya.

5.2.3 Influence of organization resources on strategy execution in Shipping Companies in Kenya

The third objective of the study was to analyse the influence of organization resources on strategy execution in shipping companies in Kenya. Results indicated that the respondents considered human resources as key to strategy execution which was followed by finances. Some of the respondents confirmed that a combination of all types of resources that it human resources, finances and technology was key to strategy execution. These results were further supported by the respondents who confirmed that efficient resource utilization and having adequate human resources was key to strategy execution in the shipping companies in Kenya. Strategies are not self-executing, and a firm's success will depend on its ability to put human resource development (globally and locally) at the heart of strategy execution, especially for management and technical skills.

The respondents disagreed that the acquisition and adoption of latest technology advancements was a key requirement in strategy execution in the shipping companies in Kenya.

Regression and correlation results (beta= 0.370, p value- 0.000) indicated that there was a positive and significant relationship between organization resources and strategy execution in shipping companies in Kenya.

5.2.4 Influence of organization culture on strategy execution in Shipping Companies in Kenya

The fourth objective of the study was to evaluate the influence of organization culture on strategy execution in shipping companies in Kenya. The study findings indicated that the culture of employee resistance to change was hampering strategy execution in the shipping companies in Kenya. The culture of rewarding best performance, the embracing of practices and behaviours and accepting divergent views from employees greatly influence strategy execution in shipping companies in Kenya. The respondents further disagreed that they take business risks which influences the strategy execution in their respective companies. Regression and correlation results (beta= 0.352, p value= 0.000) indicated that there was a positive and significant relationship between organization culture and strategy execution in shipping companies in Kenya.

5.3 Conclusions

Organization structure was found to be statistically insignificant in explaining strategy execution in shipping companies in Kenya. It is possible to conclude that the shipping companies have poor company structural alignments to impact on strategy execution. The study findings led to the conclusion that the operational span of control in the shipping companies in Kenya was not efficient hence there was little strategy execution.

The study implies that the shipping companies should purpose to have structures that have shorter and efficient span of controls for strategy execution that is effective. This will help in ensuring their strategies are closely monitored for prompt execution without any unnecessary delays.

It is evident that the decentralized structures were influencing strategy execution in shipping companies in Kenya. This is so because majority of the shipping companies have their headquarters outside Kenya. This makes strategy execution slow and difficult as the managers in Kenya always have to consult from their respective headquarters.

The companies should be given more autonomy in matters strategy execution as this will go a long way in quicker decision making when it comes to matters strategy. From the study it was very clear that the shipping companies who are key players in the Kenyan maritime sector had inefficient company structures and therefore the maritime sector regulators i.e KPA, KMA should offer guidance on best structural practices in order for the shipping companies to harness their strategy execution activities well.

Strategic leadership was found to be statistically significant in explaining strategy execution in shipping companies in Kenya. It is possible to conclude that the shipping companies have sound leadership practices that influence strategy execution. The study findings led to the conclusion that the managers of these companies are committed to ensuring that strategy execution succeeds. In any business company a willing and committed leader greatly influences the results of the business processes. The study implies that the shipping companies should encourage leaders to be more committed and dedicated to their work and develop clear organization visions that will guide the employees in achieving the overall corporate strategic objective.

It is evident that supervision of strategic practices by managers and the empowerment of middle management staff on strategic matters influenced strategy execution in the shipping companies in Kenya. Sound leadership is required from senior management (executives) to help direct the organisation through the turbulent business environment. It is their responsibility to oversee the corporate governance of the investment made by shareholders. It can further be concluded that the appointment and recruitment of staff to leadership positions was not an issue influencing strategy execution in shipping companies in Kenya.

Organization resources was found to be statistically significant in explaining strategy execution in shipping companies in Kenya. Resources of any kind are key to the operations of any business company. It is therefore possible to conclude that the companies had invested in human resources, adequate funding and technology. By embracing these types of resources especially skilled human resources, the companies can easily have a competitive advantage. Further utilization of technology, the companies can access their clientele online which can make.

Doing business to be faster and easier by use of new technological changes. Without the top management support and allocation of resources technology can be a jargon to deal with in an organization, however this is not the case in the shipping companies thus high technological innovations has led to improved strategy execution. All in all it is evident that proper combination and utilization of resources led to strategy execution in shipping companies in Kenya.

This therefore implies that the mean effectiveness of strategy execution in shipping companies vary from company to company and therefore the best and optimal resource utilization should be adopted by these companies.

Organization culture was found to be statistically significant in explaining strategy execution in shipping companies in Kenya. Any organization that has a culture that does not promote business growth will hinder its success in many ways.

It is therefore possible to conclude that the companies had sound company culture practices as this was evidenced on how culture influenced strategy execution results in the study findings. The shipping companies had sound cultural practices of rewarding best performance, embracement of sound business practices and behaviour towards business operations. By embracing these types of cultural practices especially rewarding best performance, the companies motivate employees to do their best hence enhancing strategy execution. Further enhancement of best practices and behaviours promotes work ethic and integrity hence more business to the companies. This will enhance business ties as more clients will build trust and feel free to do business with these companies. This therefore implies that the mean intensity of strategy execution initiatives in shipping companies in Kenya vary from company to company because of the variations in cultural aspects practices and therefore the best corporate culture should be embraced by these companies.

5.4 Recommendations

Organization structure was found to be weak and statistically insignificant in explaining strategy execution in shipping companies in Kenya. Therefore in order to survive and prosper in a rapidly changing business environment, the companies should strive to maximize on the determinants that influence strategy execution in their companies. This will assist these companies to be stronger in what is exactly influencing their strategy execution practices.

Strategic leadership was found to be statistically significant in explaining strategy execution in shipping companies in Kenya. The study therefore recommends that the Kenyan maritime regulators should assist in identifying leaders with the right expertise and experience in leading the shipping companies in Kenya to execute their strategies effectively. The regulators should also ensure that the policies and guidelines are put in place that can clearly guide who is to lead these companies. The shipping companies should collaborate with government agencies and other privately owned companies to learn on the best practices of strategy execution. There is need for managers or strategic leaders in the shipping companies to possess and exhibit adequate understanding of company strategies and future outlook, as well as

adequate attention and support of junior employees toward the execution of business strategies. The managing staff of companies, with better leadership and management of staff and motivating the staff, must lead the staff in better performance of their jobs in line with strategies. This will allow them to relate the daily activities of personnel with business priorities in high levels. The top managers of company must further develop adequate commitment in middle managers and operational levels for successful strategy execution. It is further recommended that managers should develop clear company visions and mission that will guide and enable the companies to compete in the highly competitive and dynamic business environment.

Organization resources was also found to be statistically significant in explaining strategy execution in shipping companies in Kenya. Resources of any nature are fundamental to any company's endeavours. The managers should well and efficiently use any combination of the available resources in order to execute strategy. The shipping companies should support all relevant strategy execution initiatives in their companies. They Kenyan government in its pursuit to pursue the potentiality of the blue economy should review taxes on shipping items and continue to encourage foreign direct investments in the shipping industry. Further the government through the Kenya National Shipping Line should encourage policies that will enable Kenya to build its own ships. This will go a long way in reducing costs of doing business hence generating more resources to the shipping companies.

From the findings, organization culture was found to be statistically significant in explaining strategy execution in shipping companies in Kenya. Corporate culture is at the heart of the results of any business process. The corporate culture must thus be aligned with the business strategy. Certainly, a culture which has been predefined related to the business strategy is very important for successful execution of business strategy. Therefore, in the shipping industry, after developing business strategies, and based on result information, the kind of corporate culture required for that company must be defined too and in line with its development and the more consistency with company strategies.

The shipping companies should ensure that their employees are well prepared for change. This can be done through training of the employees to new business techniques, involving the employees in the preparation of business strategic plans. By doing so the managers will be able to manage employee expectations and hence reduce the culture of employee resistance to change which affects strategy execution. Managers should continue to encourage employee by recognizing and rewarding best performance. Best practices and behaviours should be well adopted by the employees as this will assist in strategy execution. The culture of acceptance of divergent views and new ideas from the employees should be encouraged.

5.4.1 Implications of the Study to Practice

The findings of this research suggest that the management of shipping companies in Kenya need to mainstream strategy execution with the broader processes of corporate strategy management process. To support this, the need for clear policy position and clear mechanisms for strategic leadership, organizational resource management, organizational culture embracement as well as adopting organizational structures that support strategy formulation and execution.

5.4.2 Theoretical Implications

This study makes significant contributions in the field of strategic management in general and also specifically on the issues with regard to strategy execution in the shipping companies in Kenya. The study confirms existing literature on practices to strategy execution in shipping companies, particularly in Kenya. While scholarly research has examined the importance of strategy execution practices in organizations, its link to the broader strategy management process had not been clearly mapped in the process.

5.5 Areas for Further Research

It is recommended that a replica of this study should be carried out with or by expanding the scope to include the regulators of the maritime sector in Kenya so as to check whether the findings hold true as well. A replica study can also be

conducted on individual shipping companies in the other countries they operate since most of the companies have global operations because of the nature of the shipping business. The findings of this study will provide a very good comparative case with the Kenyan or local findings.

Since the shipping industry is dominated by shipping liners and agents a study of this nature will be appropriate to evaluate the uniqueness of these companies in strategy execution. An in-depth study of shipping category differences on matters strategy execution between the shipping liners and agents, composite liners and shipping regulators will be appropriate.

The objective of the study was establishing the determinants of strategy execution in shipping companies in Kenya. To augment this study, it is recommended that other studies be conducted to establish effects of strategy execution on performance of shipping companies. This study will support decision making in organization regarding strategy execution and therefore help remove the barriers to strategy execution, as it will show the benefits associated with strategy execution and therefore win management support in the organization.

In this study it has clearly emerged that the shipping companies are not getting the needed support from the government as they are privately owned. In view of this, it is recommended that a detailed study on the role the Kenyan government can play in assisting the shipping companies in Kenya to effectively develop and execute competitive business strategies should be done. Implementation of the findings of such studies can greatly benefit the Kenyan economy from increased revenues associated maritime transport and boost the blue economy.

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APPENDICES

Appendix I: Letter of Introduction

Dear Respondent,

I am a postgraduate student at the College of Human Resource Development, Jomo Kenyatta University of Agriculture and Technology, currently carrying out a research titled **'Determinants of Strategy Execution in Shipping Companies in Kenya'**. This is in partial fulfilment to the award of Doctorate of Philosophy Degree in Business Administration.

You have been selected as one of the respondents in this study. I therefore request you to kindly facilitate the collection of the required data by answering the questions herein. This questionnaire is purely for academic purposes and the data collected will be treated with utmost confidentiality. While your cooperation in completing the questionnaire attached onto this letter is highly valued, your participation is voluntary. The results will be used only in an aggregated form and, therefore, your anonymity and the confidentiality of your responses are assured. The completed questionnaire will be securely stored and made available only to my project supervisors and me. Access to any coding of information in the questionnaire will also be restricted to my research supervisors and me.

The results will be contained in the thesis that will be available at the Jomo Kenyatta University of Agriculture and Technology library in Juja. It is also hoped that aspects of the results will be published in aggregate in various professional and academic journals. Your assistance and cooperation will be highly appreciated. Thank you in advance.

Yours faithfully,

………………….

Eric Lewa Katana
Reg No. HD433-C005-1895/2012
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0725 513330

Appendix II: Research Questionnaire

SECTION I: Demographic Data

A.   Indicate your company classification

Shipping Liner [ ]   Shipping Agent [ ]   Composite Liner [ ]

B.   Please indicate the highest level of education you have ever attained

Code	Level of Education	Tick [√] as Appropriate
B.1	O level/ Form Four	
B.2	A level or Equivalent	
B.3	Diploma/ HND	
B.4	Bachelors Degree	
B.5	Postgraduate/PhD	

C.   How many years have you worked in your organization?

Code	Years of Service	Tick [√] as Appropriate
C.1	Less than 5 years	
C.2	5-10 years	
C.3	11-15 years	
C.4	Over 15 years	

D. How long has your company been operating in Kenya?

Code	Firm age	Tick [√] as Appropriate
D.1	1-5 Years	
D.2	6-10 Years	
D.3	11-15 Years	
D.4	Over 15 Years	

E.1 Does your company develop and execute strategic plans?

Yes [   ]   No [   ]

E.2 If yes, briefly explain how your company execute its strategic plans
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SECTION II: INFLUENCE OF ORGANIZATION STRUCTURE ON STRATEGY EXECUTION

1. Which of the following organizational structures describe your company?

   i.   Functional   [ ]
   ii. Divisional   [ ]
   iii. Matrix   [ ]
   iv. Other specify……………………………..

F. What is your level of agreement with the following statements regarding organization structure and strategy execution? By ticking (√) in the appropriate box, consider to the extent you agree with each statement.

Code	Organization Structure	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
F. 1	Our organization structure has units that are well coordinated hence affecting strategy execution					
F. 2	We have a strategic span of control that affects strategy execution					
F. 3	We have a centralized organization structure which affects how we execute our corporate strategy					
F.4	We have a decentralized organization structure which affects how we execute our corporate strategy					
F.5	Existing reward structure in the organization has an effect on strategy execution					
F.6	The level of delegation in the organization has an effect on strategy execution					
F.7	The internal control mechanisms in the organization have an effect on strategy execution					
F.8	Existing internal operating systems in the organization have an effect on strategy execution					

F. 9 As a manager involved in strategy execution issues in your company, what are the organizational structure issues that affect the execution of strategy in your company ……………………………………………………………………………………………………

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SECTION III: INFLUENCE OF STRATEGIC LEDEARSHIP ON STRATEGY EXECUTION

1. Which of the following leadership style is embraced in your company towards strategic execution matters?

  i.   Laissez-faire   [ ]
  ii.   Autocratic   [ ]
  iii. Transformational   [ ]
  iv.   Other specify……………………………..

G. What is your level of agreement with the following statements regarding strategic leadership and strategy execution? By ticking (√) in the appropriate box, consider to the extent you agree with each statement.						
Code	**Strategic Leadership**	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
G.1	We (managers) are committed to effective strategy execution practices					
G.2	We have competent policy framework that assists in strategy execution					
G.3	We have developed proficient corporate management systems that help in strategy execution					
G.4	We supervise all strategic practices and this helps in strategy execution					
G.5	We embrace organization's approaches in appointment of our staff to leadership positions					
G.6	We have a clear organization vision which compels us to execute our strategy					
G.7	We constantly empower middle level managers to do what it takes to execute strategy					
G.8	We have an integrated infrastructure that supports strategy execution					

G.9 How does strategic leadership affect strategy execution in your company?

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SECTION IV: INFLUENCE OF ORGANIZATION RESOURCES ON STRATEGY EXECUTION

1. What type of resources do you consider most relevant for strategy execution?

   i.   Human resources   [ ]

   ii.   Finances   [ ]

   iii. Technology   [ ]

   iv.   Other specify……………………………..

H.What is your level of agreement with the following statements regarding organization resources and strategy execution? By ticking (√) in the appropriate box, consider to the extent you agree with each statement.						
Code	**Organization Resources**	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
H.1	We efficiently utilize our resources in pursuit of strategy execution					
H.2	We have adequate human resource skills within the organization for effective strategy execution					
H.3	We have embraced latest technological advancements in our activities towards strategy execution					
H.4	Our organization has existing guidelines for daily activities towards strategy execution					
H.5	We have in existence adequate budgetary allocations in the organization for strategy execution					

H. 6 How does your company resources affect strategy execution in your company?

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SECTION V: INFLUENCE OF ORGANIZATION CULTURE ON STRATEGY EXECUTION

I. What is your level of agreement with the following statements regarding organization culture and strategy execution? By ticking (√) in the appropriate box, consider to the extent you agree with each statement.						

Code	Organization Culture	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
I.1	Our employees resist changes in the organization which hampers strategy execution					
I.2	We have embraced practices and behaviors that enable strategy execution					
I.3	We have shared values, meaning and understanding that has an effect on strategy execution					
I.4	Our top down or bottom up communication processes in my organization have an effect on strategy execution					
I.5	We have a compelling vision that has an effect on strategy execution					
I.6	We have a culture of accepting divergent views from employees which affects strategy execution					
I.7	We take business risks which has an effect on strategy execution					
I.8	We have a culture of rewarding best performance which has an effect on strategy execution					

I.9 How does your company culture affect strategy execution in your company?

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J. The following are indicators of successful strategy execution in your organization. To what extent do you consider these factors are important to your organization?						
Code	**Strategy Execution**	Extremely Important	Very important	Moderately important	Slightly Important	Not at all Important
J.1	Strategy execution enhances offering of quality services to our customers					
J.2	We have robust strategy control systems which have					

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SECTION VI: STRATEGY EXECUTION

	resulted from strategy execution					
J.3	We have developed a competitive advantage over our competitors because of effective strategy execution					
J.4	We have increased revenues due to effective strategy execution					
J.5	We have increased our customer base due to strategy execution					
J.6	Our market has expanded due to strategy execution					

 J 7. Kindly give suggestions and recommendations on strategy execution in your company

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Thank You for Your Cooperation and Participation

Appendix III: List of Shipping Companies in Kenya

1.	African Shipping Ltd	21.	Ocean Freight E.ALimited
2.	CMA CGM Kenya Ltd	22.	Pil (Kenya) Ltd
3.	Diamond Shipping Services Ltd	23.	Rais Shipping Services (K) Ltd
4.	Diverse Shipping Ltd	24.	Seabulk Shipping Services Ltd
5.	Eagol Travel Kenya Ltd	25.	Seaforth Shipping (K) Ltd
6.	E.A Commercial & Shipping	26.	Seatrade Agencies Ltd
7.	Emirates Shipping (E.A) Ltd	27.	Seven Seas Shipping Agencies (K) Ltd
8.	Express Shipping & Logistics	28.	Sharaf Shipping Agency (K) Ltd
9.	Green Island Shipping Services	29.	Shipmarc Ltd
10.	Gulf Badr Group (Kenya) Ltd	30.	Socopao (Kenya) Ltd
11.	I.Messina (K) Ltd	31.	Southern Engineering Co Ltd
12.	Inchcape Shipping Services K Ltd	32.	Spanfreight Shipping Ltd
13.	Kenya National Shipping Line Ltd	33.	Spears Shipping Agency (K) Ltd
14.	Kusi Shipping Services Ltd	34.	Sturrock Shipping (K) Ltd
15.	Logistics Expeditors Ltd	35.	Tehema Shipping & Marine Services Co
16.	Maersk Kenya Ltd	36.	Wec Lines (K) Ltd
17.	Magellan Logistics Kenya Ltd	37.	Wilhelmsen Ships Service Ltd
18.	Mediterranean Shipping Co (Msc)	38.	Zamzam Shipping Agency Ltd
19.	Mitchel Cotts Kenya Ltd		
20.	Nippon Yusen Kaisha (NYK)		

Source: Kenya Ships Agents Association (KSAA, 2015)