



INFLUENCE OF COMPETITIVE INTELLIGENCE ON THE RELATIONSHIP BETWEEN STRATEGY IMPLEMENTATION AND PERFORMANCE OF COMPANIES LISTED ON NAIROBI SECURITIES EXCHANGE, KENYA

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Wathe, J. M.,^{1*} Iravo, M. A.,² Nzulwa, J.,³ & Rukia, A.⁴

^{1*} Ph.D Candidate, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Kenya

² Professor, Ph.D, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Kenya

³ Ph.D, Lecturer, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Kenya

⁴ Ph.D, Lecturer, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Kenya

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ABSTRACT

The objective of this study is to determine the influence competitive intelligence as a moderating factor in the relationship between strategy implementation and performance of firms listed on Nairobi Securities exchange. The study adopted census method of research design. This study employed both primary and secondary data collection techniques. In addition, questionnaires as tools for information gathering was utilized to gather information. The hypothesis were be tested using Pearson correlation, F-test, t-test and Multiple Regression Analysis with the aid of Statistical Package for Social Science version 22.0. A p-value was used to determine relationship between the dependent and independent variables. If coefficient is equalled to zero it indicated that there was no association. Findings were presented through descriptive statistics by use of mean, median, standard deviation and analysis of variance. Inferential statistics was used to test statistical hypothesis. Regression analysis was applied to estimate the relationship among variables. The study found that Customer satisfaction does not relate with strategic implementation, however with moderator effect, it has some effect. The study concluded that strategic implementation has an effect on company performance.

Key Words: Strategy Implementation, Competitive Intelligence, Company Performance, NSE

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INTRODUCTION

Strategic planning is the first phase of strategic management process which requires a company to develop vision and mission. Implementation stage defines short term goals, functional strategies and success measures.

After strategy implementation strategy evaluation process begins to review the practical implementation of the strategy (Nordmayer, 2010). In management, strategy management involves formulation and implementation of organisation goals and objectives by the top management on behalf of owners in consideration of resources and assessment of internal and external resources. Chance and Williams (2011) contend that strategic management process is an on-going process that requires management to critique and question the stated initiatives, proposed changes in the environment and adjustments to planning. Clarity of mission and vision is an essential element of effective planning (West, 2010; Morril, 2012). There is growing evidence that modern organizations can benefit from a strategic management model that integrates an organization's mission and vision-based strategic planning initiatives with practice as well as outcomes (Middaugh, 2010).

Competitive Intelligence is a common phenomenon in today's business world. Globally, it is gaining more importance as the market is becoming competitive with increased consumer demands and competition. Due to competition globally competitive intelligence is now a tool by which business can gain competitive intelligence and compete against other competitors (Ahmed, 2014). In this research competitive intelligence is viewed through sub-variables which include market opportunities, competitor risks, competitor threats, technological intelligence, technical intelligence and strategic intelligence. In this research CI is tested whether it is being used and its influence on companies in Kenya. It is to prove the importance of CI in business and to what extend it is used.

The process of strategic management shapes a company's strategic choice. It reveals and gives

clarity of future opportunities and threats and provides a framework for decision making throughout a company existence (Kumar, 2015).

Kotter in his earlier studies argued that the strategic planning process can be used as a means of repositioning and transforming the organization. Literature by Porter (2010) confirms that strategic management is a complex phenomenon. The complexity has not spared organizations because of myriad of factors both internal and external. Strategic management is the framework for analysing the environment for coordinating the organization activities and for value creation both in the present and future (Amason, 2011). Strategic management is concerned with the character of the business and gives the direction about the future (Morden, 2011).

Amason (2011) argue that strategic management can be translated in every setting of the firms. Appa (2010) contend that strategic management provides roadmap for the firm. Jones (2014) gives several analyses giving methods of business analysis. They include SWOT, PESTEL, Michael Porter's five forces Model, Strategy group analysis, Competitive profile matrix among others. West (2010) argues that vision statement is more compelling and overarching image of the organisation and motivates employees to have a focus toward a common goal. According to Tapera (2016) strategic management is summarized in two broad concepts; strategy making and strategy executing. According to Thompson, Strickland and Gamble (2010) strategy making and strategy executing consist of five interrelated and integrated process; developing a strategic vision of where the company needs to head and its future focus. Secondly, setting objectives as yardsticks for measuring company performance and progress sets the pace to realisation of vision. Thirdly, crafting a strategy to achieve the objectives and move the company along the strategic course. Fourth, implement and execute the chosen strategy and lastly evaluate performance and initiate corrective adjustments in

light of experience, changing conditions, new ideas and new opportunities.

Strategy implementation stage consists of policies and frameworks that translate selected strategies into action. Cummings and Daellenbach (2012) argue that strategic management process begins with a leader's vision and establishes measurable goals needed to reach that destination. Increased value is normally achieved by identifying the unique benefits that enterprises can deliver through customer loyalty and retention (Cravens, 2011). In light of this, significant focus is now on customers as it is clear that successful value based strategic management process requires a highly competitive perspective. Porter (2011) argues that despite the criticism on strategic management process during 1970s and 1980s, it was still useful and needed to be improved. Strategic management has been in use for more than 40 years as a way of envisioning and achieving organizational goals (Faulkner & Campbell, 2012). Breene (2013) argue that strategic management process relies upon leader's vision of how the business should competitively appear in the projected near future.

Perez et al. (2013) argue that strategic management process provides an organization with an operational framework which allows an organization to enjoy competitive advantages and improved performance. According to Rosenbusch (2013), organizations which engage in strategic planning are more likely to achieve higher sales growth, high returns on assets, high profit margins, international growth and higher employee growth and retention. Reijonen (2010) define business performance as an indicator that measures business efficiency and effectiveness in achieving its goals. Performance can also be measured in business achievement of its set targets (O'Regan et al. 2011). Different views exist on how to measure business performance. Studies show a variety of measurements which may be classified as objective or subjective. Objective measures include financial records such as profits, turnover, return on investment, return on capital employed and

inventory turnover. Subjective measures are about the managers perceptions of business performance (Tang and Zhang, 2011). Almost all empirical research on measurement of impact of strategic planning and firm performance have used financial measures of performance, for example profit, sales growth and return on investment (Boyne and Williams 2010).

A company utilizes information to assess what it can offer and how to differentiate itself from the rest (Johns & Van Doren, 2010). Pellisier & Kruger (2011) opine that organizations utilize competitive intelligence in making decisions and assists managers make informed and better decision about future events. Competitive intelligence is a new phenomenon in the business world that is gaining importance and attention. Competitive intelligence is the both internal and external information of the environment in which business operates (Ahmed, 2014). Khawaja (2014) contend that competitive intelligence is a tool in which an organization can gain competitive advantage and compete effectively in the market. McGonagle (2012) argue that competitive intelligence is a proactive technique where a firm analysis and monitors the environment and develops its marketing strategies. Competitive intelligence has several forms such as technical intelligence, competitor threats and risks (Rizwan, 2014).

Competitive intelligence focuses on monitoring the competitive environment with aim of providing competitive edge to the organization (Okpeko, 2011). CI is not only a market research or business environment scanning but involves gathering information on competitors and applying it for both short- and long-term strategic planning process (Egberi, 2011). Arik (2014) argue that CI is approached from assessment of strategies, competitor perceptions, and effectiveness of current operations, competitor capability and long-term market prospect. Saban (2015) argues that in the modern business knowledge is the most sought and important resource for the organization. Information is about competition for both critical

and tactical strategic decision making in every organization. However, building information is not easy task (Dejan, 2015).

The stock market development is key in financing economic growth in the country. The Kenya government has prioritized the reform of the stock market with the aim of enhancing its activities and using it as a vehicle for financing development. On June 27, 2014 Capital Markets Authority approved the listing of the NSE stock through Initial Public Offer and subsequently self-listed its shares on the Main Investment Market Segment. The IPO was set to open on July 24, 2014 and was to run up to August 12, 2014. The NSE IPO was oversubscribed by 763.92% making it the most oversubscribed share offer in the NSE's 60-year history. The NSE shares started trading on the Main Investment Market Segment of the exchange on September 9, 2014. In November 2014, the NSE saw two new listings to the bourse, the Flame Tree Group an FMCG company and Kurwitu Ventures, a Sharia compliant investment company. Both were listed in the Growth Enterprise Market Segment by way of introduction. Effective 11 February 2015, Kenya's largest importer of vehicles and largest car-assembly company CMC, was de-listed from the NSE.

The core function of any exchange is to guide firms trading in the Securities Exchange and specifically in the dissemination of information in the securities exchange (Capasso, 2012). As Singh (2010) stated the role of stock markets accelerate economic growth in a country through increased domestic savings. Security exchanges offer financial platform for individuals, groups, companies and governments to sell and buy securities to the investing public. In addition, securities exchange lists treasury bonds and other security instruments by the Government of Kenya (GoK) for both monetary and fiscal measures. The level of performance is determined by factors such as legal and regulatory framework, corporate governance and country's level of economic and social dimensions. Being listed in the stock exchange

increases the credibility of the firm and helps management during negotiation for capital or merger. Further, stock markets are essential for financial planning (Zacks Investment Research, 2015). For the purpose of investor protection, stock exchanges require listed companies to meet strict regulatory requirements with regard to financial reporting, corporate governance and disclosure of financial facts.

Statement of the Problem

Strategic planning is only part of strategic management process. There is therefore a need to investigate the role of competitive intelligence on all the stages of strategic management; strategic intent, strategy formulation, strategy implementation to strategy evaluation and control. Arasa & K'Obonyo (2012) contradict the earlier studies by Armstrong and Mitzeberg in early and late 1990s on the relationship between strategic management and firm performance. Further, studies in Kenya on the relationship between strategic management and firm performance differ from organization to organization with foreign based firms showing relatively higher use of strategic management tool as a method for planning (Aosa, 2011; Dimba & K'Obonyo, 2010). Strategic management process and performance literature has focused primarily on industrialised countries, USA, UK, Canada, Australia and Japan providing frameworks and models that are not necessarily applicable to developing or emerging countries (Pirttiki, 2011; Smith & Kossou, 2012). Further, studies in Kenya on competitive intelligence were done on multinationals and foreign based firms focusing only on financial as a measure of performance. Mugo, Wanjau and Ayondi (2012) argue that most of the studies were on product, market and technology intelligence. Awino (2015) argue that one construct is not enough to conclude with authority the relationship between strategic management process and firm performance.

Majority of listed companies frequently engage in strategic management and spend time and

resources, yet performance cannot be tied on the resources spent in the exercise (Taiwo and Idunnu, 2010). The same argument was advanced by Chavunduka (2013), Chimuhu (2015). Today environment shaking changes are taking place affecting how businesses are being conducted. Globalisation, internationalisation of markets and corporations has totally changed the way of modern organisations. With rapid globalization of more industries and increased competition strategic management is becoming increasingly important (Guo and Wang, 2014). As organisations grow and diversify environmental turbulence increases and strategic issues continue to emerge challenging the way organisations formulate and implement strategies and this therefore forces management to set future directions and strategies (Perrot, 2011).

Although studies by Aduda, Omoro and Okiro (2015) investigated the effect corporate governance and capital structure on performance of firms listed on East African Community Securities Exchange, they failed to address the value of strategic management process and performance of listed companies. Strategic management process in a turbulent environment is a major concern to practising managers in general and in particular managers of listed companies on Nairobi Security Exchange. Globalisation, changes in customer needs, competition as well as legal and political changes (De Marchi Grandinetti, 2014). This study sought to examine the influence of competitive intelligence on the relationship between strategy implementation and performance of listed companies on Nairobi Securities Exchange in Kenya.

Objectives of the Study

The objective was to determine the influence of competitive intelligence on the relationship between strategy implementation and performance of companies listed on Nairobi Securities Exchange in Kenya. The specific objectives were:-

- To determine the relationship between strategy implementation and performance of companies listed on Nairobi Securities Exchange in Kenya

- To establish the influence of competitive intelligence on the relationship between strategy implementation and performance of companies listed on the Nairobi Securities Exchange in Kenya.

Research Hypotheses

H₀₁: There is no significant relationship between strategy implementation and performance of companies listed on the Nairobi Securities Exchange in Kenya.

H₀₂: Competitive intelligence has no significant influence on the relationship strategy implementation and performance of companies listed on the Nairobi Securities Exchange in Kenya.

LITERATURE REVIEW

Theoretical Framework

Resource Based Theory

Resource Based Theory (RBT) focus resources of the firm and mainly those resources that are valuable, rare, inimitable and non-substitutable.

RBT model helps to explain the existence of competitive advantage (D'Aveni, 2010). The RBV has its focus on managing scarce resources to gain competitive advantage (Parker, 2015). Tsai (2012) contend that individuals cannot compete with global trends and therefore strategic planning and management mainly focus on external analysis. According to RBV only those resources that are invaluable, rare, imperfectly imitable and not substitutable lead to a competitive advantage. Davis (2016) contends that the firms' internal resources are the source of SCA for the firm. He further argues that the top management team must recognise the importance and role of human resource in the organisation. Human Resource strategy ought to be fully integrated with the overall business strategy. Knott (2010) is of the view that one of the critical tasks in strategic analysis is for the management to have an understanding on the relationship between resources and performance.

Barney (2011) considers intangible resources as the most likely sources of firm success because they are not easily acquired and replicated in factor markets. Mesko (2013) has argued that firms are bundles of intangible and tangible resources and therefore firms cannot compete on the basis of single resources. Resources are not productive on their own and combine capabilities and resources for results (Maritan and Peteraf, 2011). They further contend that organisation has complex social and organisational capabilities to achieve sustainable competitive advantage. Markman (2010) confirms that the scarcity of valuable resources for any firm adds competitive advantage within the industry. The heterogeneous and even distribution nature of resources among firms is one of the foundations of RBV. Simon (2011) focuses on the facilitating role of knowledge in resource-capability interactions between firm managers and business partners leading to firm performance. Interactions between tangible and intangible together with capabilities leads to sustainable competitive advantage hence firm performance. Cabuschi (2014) contends that increasing quality of a product retains customers and attracts new ones. Blocker (2011) is of the view that markets are becoming highly competitive and demands by customers are increasing. They argue that due to economic changes in the international market as well as desire for businesses to expand firms are shifting focus to international businesses of local firms working with international businesses to improve on the operations and offer opportunities. Resources that are intangible, knowledge based resources serve as sources of competitive advantage because they offer room for firms to incorporate practices that are valuable, rare, inimitable and organisational focused (Juder and Mathur, 2013). They further argue that knowledge-based resources are difficult to imitate due to social complexity and associated firm specificity (Teece as cited by Parker, 2015). Organisation strategy is dependent on a mission or set objectives that are aimed at guiding the organisation toward the desired direction (Ragan as cited by Johnson, 2014). He further argues

that in pursuit of its organisational goals the achievement is limited by resource availability. Resource based view theory is useful in interpretation of responses to environmental factors and internal resource considerations in strategy development.

Research on RBT considers that the attributes, associated services and their uses are the main characteristics of RBT (Foss & Ishikawa, 2010). Organizations ought to collect as much information as possible in order to make informed investments. Simon (2011) argues that for firms to create value they must acquire, accumulate and exploit resources. RBT suggests that organization's resources and capabilities have great influence on the growth and performance of the firm (Barney & Clark, 2009). They further contend that in RBT, resources, assets and capabilities can be combinative and cumulative in nature. The major concerns of RBT are sustained competitive advantage and varying performance of firms in the same industry (McGunagle, 2011). To support the view Tallam (2010) contend that each unit of strategic and complementary of resources has the potential of changing the organization and depends on managerial capabilities. The fundamental premise of RBT in firms is differently endowed with varying degree of relevant resources and that these resources are not easily transferable among firms. A fundamental notion of RBT is that all assets, managerial capabilities, firm attributes and knowledge enable the firm to implement strategies capable of improving efficiency and effectiveness (Barney and Clark, 2007).

Albers (2011) finds that a firm's resources are referred to as strategic resources if they are a source of sustained competitive advantage (SCA). He further argues that if all firms have the same resources then they can equally exploit the same resource. However, according to Hitt et al. (2012) not all these resources possess the potential to provide the firm with sustained competitive advantage. Ferreira and Azeredo (2011) posit that Resource Based View focus on strategic

management in the context of resources and capabilities in order to gain competitive advantage and superior performance.

In supporting the theory, Salaman (2015) argue that competitive advantage has its basic foundation on

aligning skills, strategic deployment and processes combined with capable workforce within the organization.

Conceptual Framework

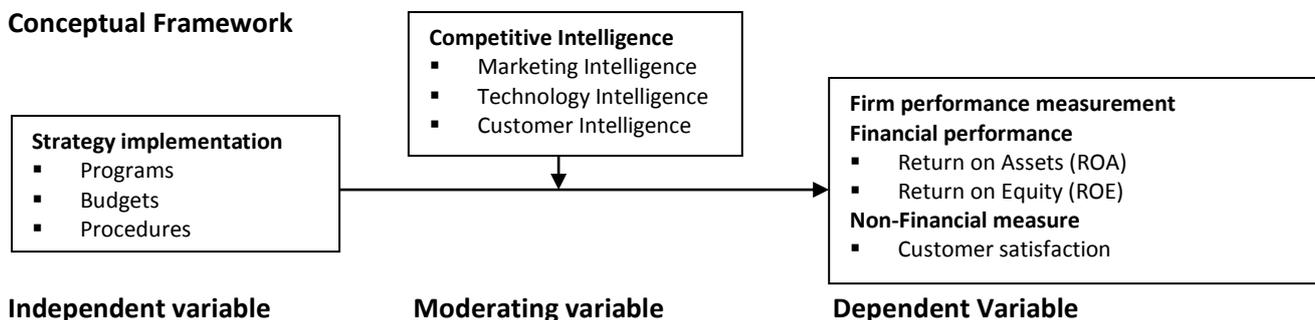


Figure 1: Conceptual Framework
Source: Author (2019)

Strategy Implementation

The concept of strategy implementation is the long-term concept which outlines objectives and how to achieve them (Kaleta, 2013).

Strategy has to be designed before implementation. According to Cater and Pucko (2010) strategy implementation is the most complex component of strategic management process. The key basic elements in strategy implementation are business processes and organisational units (Simon, 2014). Yaprak (2011) argues that implementation of any strategy includes matching structure and processes with strategy.

Gebecynska (2015) contend that strategic goals should only concern the objectives of departments and processes. Strategy implementation in an organisation requires that all employees be involved. Involving employees in strategy formulation empowers them to successfully implement the strategy (Wozniak and Sottysik, 2013). They confirm the difficulties in strategy implementation and firm performance. Sasmita (2013) opines that the process of balanced scorecard implementation classifies the vision, strategy and employee roles in the organisation. This leads to seriousness and enhances performance-oriented work culture. Balanced score card goes beyond financial measures and helps

implement strategy by translating strategy into operational objectives (Kaplan, 2010). He further underscores the role of departmental leadership’s continued process and executive leadership. Strategy implementation increases workloads for departmental leadership and employee anxiety and insecurity becomes a challenge.

Competitive Intelligence

World Wide Web (www) has become the latest avenue to and source of CI for companies (Ravina, 2012). Product intelligence involves gathering and analysing intelligence about a product being designed and manufactured. Information about a product is fed back to the product managers. The goal of product intelligence is to enhance product changes and innovation to make the product more competitive. Earnest (2010) is of the view that development and launch of a continuous stream of products determine company performance. Kevin and Krush (2103) argue that a firm’s new product development (NPD) capability is critical driver of shareholder value.

Delre (2009) reckons that nearly 50 per cent of the new products introduced in the market are complete failures and 70 percent do not reach their sales goals. Wahome (2012) in the studies focusing on CI practices adopted by Safaricom found that firms employ product differentiation strategies to

increase profitability. Due to rapidly increasing amount of data in production, management is forced to apply appropriate techniques for information production and dissemination. In absence of customer intelligence organizations are left to rely on assumptions, history and intuition none of which have proven to be reliable engine for continued growth (Frank, 2012).

Firm Performance

Barney (2011) admits that the concern associated with performance measurement from perspective of multiple stakeholders is important even if the process is complex. He further argues that financial performance metrics are important to all of the firm's core stakeholders. However, he further argues that financial measures have limited perspective on value creation. Porter and Kramer (2011) recently argued that organisations need to adopt a shared value as an approach that encourages the generation of profits that create social benefits. As far as non-financial measure is concerned Kammeyer-mueller (2011) point out that most of the organisational research on employee satisfaction and happiness is as important to a supplier as to customer. This happiness is determined by stakeholders' interactions with the firm. According to Freeman (2010) profit maximization help create value for stakeholders. Similarly, Harrison and Wicks (2013) have stated business is dependent on and creates value for different categories of stakeholders and that the firm owes obligations a going concern. According to Botarri (2010) performance measurement has evolved from focusing only on financial perspective to non-financial perspective. For businesses to be able to be competitive in a highly changing environment, enterprises have to monitor and measure performance of their enterprises. Sharma (2009) advocates performance measurement as critical component in improving an enterprise business performance.

Ahmad (2012) argues that measurement of performance is based on quantitative reports where targets and objectives are accessed. Measurement

is an organisation-wide phenomenon, and these are interdependent and reflect the efficiency and effectiveness of the total company efforts. Hoe and Harif (2012) contend that performance measurement is the overall management system involving prevention and detection aimed at achieving performance. Sun and Scott (2009) argue that the critical success factors in today's dynamic and competitive business environment are vastly different from those of the past.

Empirical Studies

Strategy Implementation and firm performance

Rhys and Malcolm (2016) explored strategy implementation style and perceived service effectiveness, efficiency and equity of Turkish municipal government departments. By use of cluster analysis four styles of strategy implementation were identified. The study highlights the role of played by different styles of strategy implementation in shaping performance of the organisation. The study concluded that strategy implementation leads to successful implementation of strategy formulated. Implementation is regarded as the action stage and is considered as the most difficult stage in strategic management process. Zaidi and Ahnuar (2016) studied strategy implementation process and performance of construction companies.

The study established strong positive relationship between strategy implementation process and construction companies' performance. Mbaka and Mugambi (2014) sought to review the factors that affect strategy implementation in the water sector in Kenya. They identified factors that affect strategy implementation. They noted strategy formulation process, relationship among different units and different strategy levels, commitment and inadequate resources as factors affect strategy implementation. They further noted that employee involvements, provision of adequate resources are some of the factors to be considered in strategy implementation. Elbanna (2010) conducted a study in Turkey in large manufacturing companies and reported the found out that there is positive

relationship between strategic management and performance. In Nigeria, Alaka et al. (2010) conducted study on 80 heads of departments and executive management staff of selected insurance companies and revealed that strategic management has positive impact on insurance companies' profitability. Arasa and K'obonyo (2012) studied relationship between strategic management and firm performance. The study sought to fill the gaps in strategic management process steps that make up planning process. Correlation analysis indicated the existence of a strong relationship between strategic implementation and company performance.

METHODOLOGY

This study adopted a cross-sectional descriptive survey in collecting data. A cross-sectional survey aims at determining the frequency or levels of a particular attributes in a defined population at a particular point in time. The target population for this study was clearly defined and identified as 65 companies and businesses listed on Nairobi Security Exchange. The study utilized both open and closed ended questionnaires as well as secondary sources of information for data collection. Data for this study was collected from both primary and

secondary sources. Both descriptive and inferential statistics were employed to analyse data and test research hypothesis. Data analysis on the role of competitive intelligence on the relationship between strategy formulation and firm performance involved descriptive statistics including measures of central tendency, the mean, median and mode of likert-scale variables in the questionnaire. The data was analysed by use of Statistical Package for Social Science (SPSS) version 20. To understand the data obtained descriptive statistics was employed.

FINDINGS

Descriptive Analysis for Strategy Implementation

Strategy implementation was the main aspect of this study where the researcher investigated the level of agreement of respondents to specific questions on strategy implementation.

Diagnostic Test

Normal Q-Q Plot of Strategy Implementation (SMI)

For Strategy implementation, from the Q-Q plots showed no significant departure from normality and this was an indication the data was near normal distribution and could therefore be used in a regression analysis.

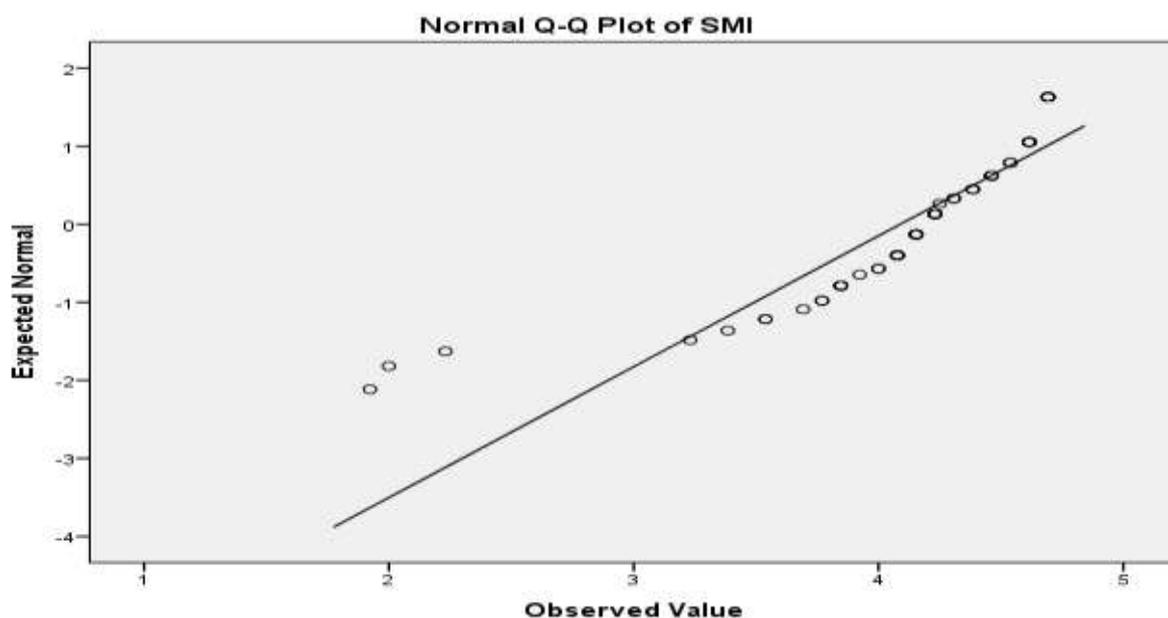


Figure 2: Normal Q-Q Plot of Strategy Implementation (SMI)

Normal Q-Q Plot of Competitive Intelligence (CI)

For Competitive Intelligence, from the Q-Q plots depicted the departure from normality was not evidently much as could be seen from the

approximation to the line of fit. This meant that the data was near normal distribution and could therefore be used in a regression analysis.

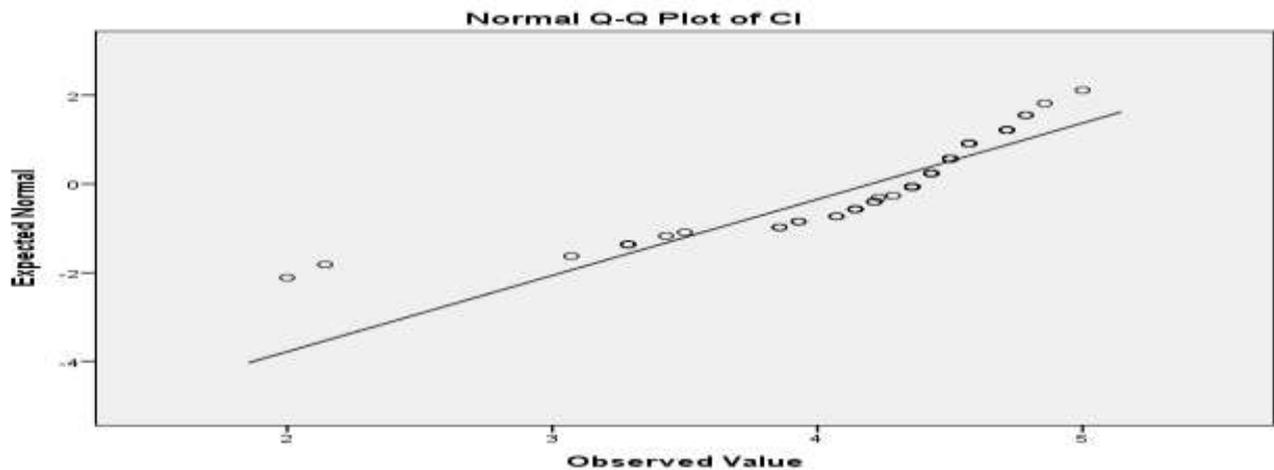


Figure 3: Normal Q-Q Plot of Competitive Intelligence (CI)

Normal Q-Q Plot of Return on Equity (ROE)

For Return on Equity, the Q-Q plots showed no a pronounced departure from normality and that was evident from the approximation to the line of fit.

This showed that the data was near normal distribution and could therefore be used in a regression analysis.

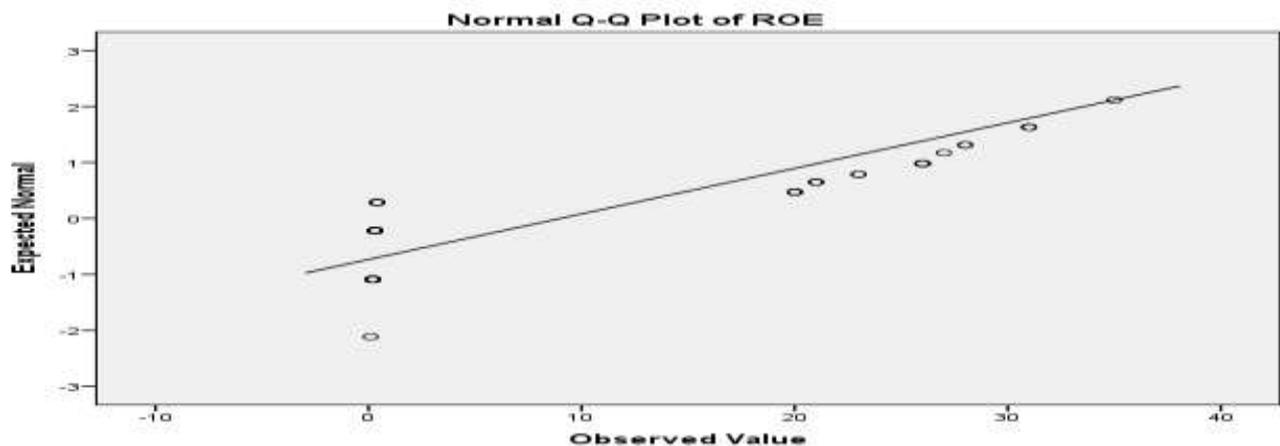


Figure 4: Normal Q-Q Plot of Return on Equity (ROE)

Normal Q-Q Plot of Return on Asset (ROA)

For Return on Asset, from the Q-Q plots shown there was no much departure from normality as seen from the approximation to the line of fit.

Therefore, the data exhibited a near normal distribution and could therefore be used in a regression analysis.

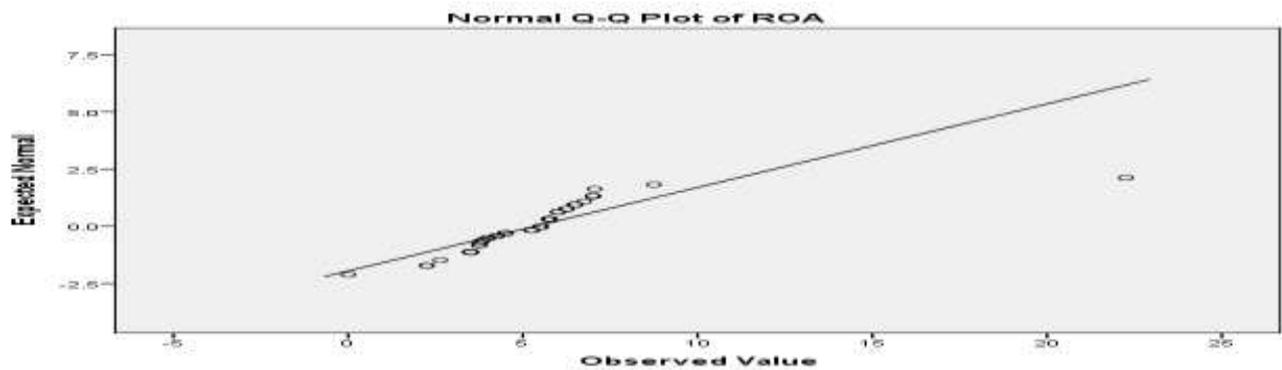


Figure 5: Normal Q-Q Plot of Return on Asset (ROA)

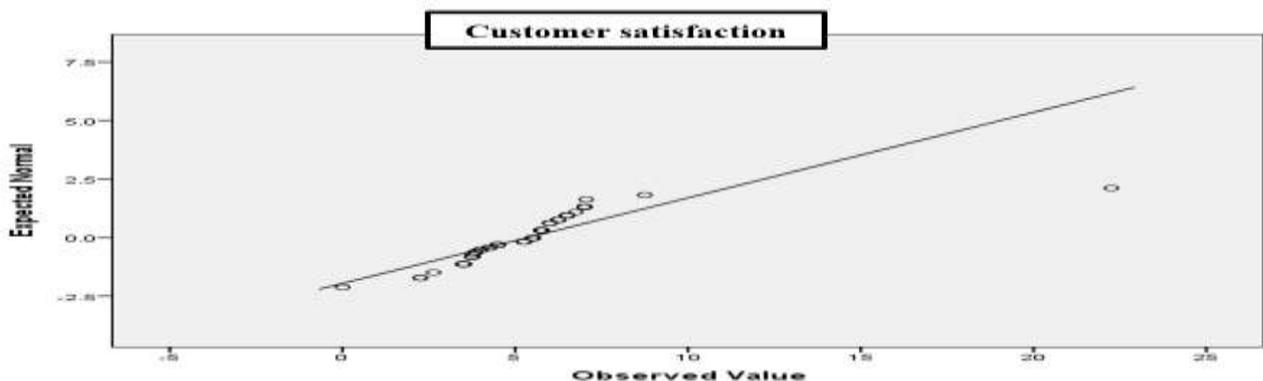


Figure 6: Normal Q-Q Plot of Customer Satisfaction (CS)

Test of Outliers in the variables

In statistics, an outlier is an observation point that is distant from other observations. An outlier may be due to variability in the measurement or it may indicate experimental error; the latter are sometimes excluded from the data set. An outlier can cause serious problems in statistical analyses. It has been pointed out that most of the statistical techniques are sensitive to outliers. SPSS consider points as outliers if they extend more than 1.5 box-lengths from the box's edge. The extreme points (shown by an asterisk *)

are the cases which extend beyond 3 box-lengths from the box's edge (Pallant, 2005).

Strategic Implementation

For strategy implementation, the results demonstrated that there were no extreme points in the cases, with the observed extreme values falling within the 5 point Likert scale (1-5) used. This was further confirmed by the results of the descriptive statistics. Further, there was no significant difference between the mean and the 5% trimmed mean for each of the strategy implementation. Skewness and Kurtosis also fell within the range of -1.96, +1.96 hence confirming normality of data.

Table 1: Descriptive statistics for Strategy Implementation

	Statistic	Std. Error
Mean	4.0894	.07905
95% Confidence Interval for Lower Bound	3.9311	
Mean Upper Bound	4.2478	
SMI 5% Trimmed Mean	4.1697	
Median	4.1538	
Variance	.356	
Std. Deviation	.59678	
Minimum	1.92	

Maximum	4.69	
Range	2.77	
Interquartile Range	.58	
Skewness	-1.155	.316
Kurtosis	1.508	.623

Table 2: Extreme Value for Strategy Implementation process

		Case Number	Value
Highest	1	7	4.69
	2	8	4.69
	3	23	4.69
	4	38	4.69
	5	44	4.69
Lowest	1	28	1.92
	2	26	2.00
	3	54	2.23
	4	10	3.23
	5	11	3.38

The absence of outliers in the data set was further illustrated by the results of the box plots, as shown in the figure 7.

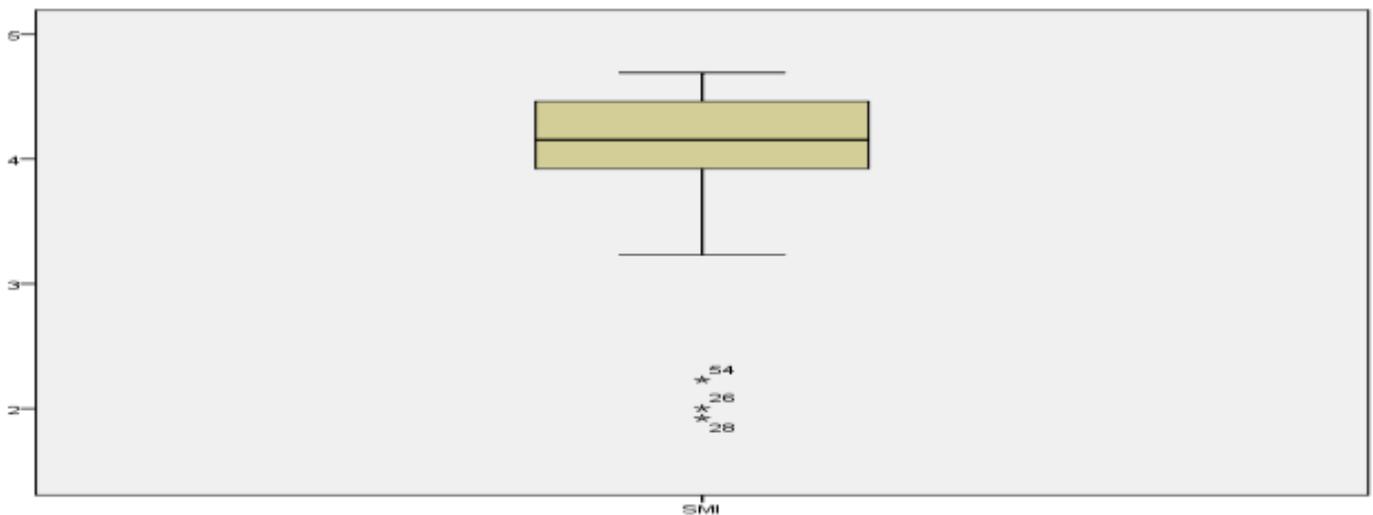


Figure 7: Box plot for Strategy Implementation

Competitive Intelligence

For competitive intelligence, the results demonstrated that there were no extreme points in the cases, with the observed extreme values falling within the 5-point Likert scale (1-5) used. This was

further confirmed by the results of the descriptive statistics. Furthermore, there was no significant difference between the mean and the 5% trimmed mean for each of the competitive intelligence.

Table 3: Descriptive statistics for Competitive Intelligence

	Statistic	Std. Error
Mean	4.2008	.07710
95% Confidence Interval for Lower Bound	4.0463	
CI Mean Upper Bound	4.3552	
5% Trimmed Mean	4.2645	
Median	4.3571	

Variance		.339	
Std. Deviation		.58209	
Minimum		2.00	
Maximum		5.00	
Range		3.00	
Interquartile Range		.39	
	Skewness	-1.045	.316
	Kurtosis	1.945	.623

Table 4: Extreme values for Competitive Intelligence

		Case Number	Value
CI	Highest	1	11
		2	23
		3	39
		4	41
		5	3
	Lowest	1	26
		2	28
		3	9
		4	56
		5	27

The absence of outliers in the data set was illustrated by the results of the box plots, shown in the figure 8.

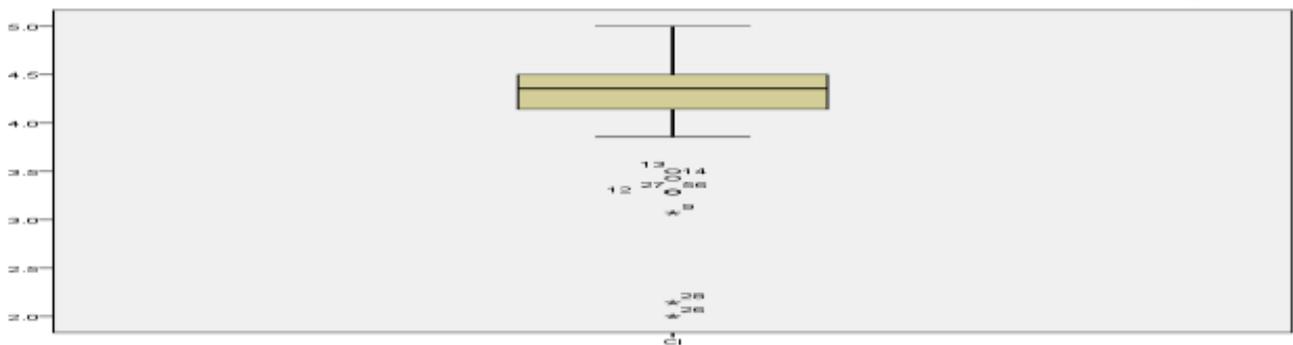


Figure 8: Box plot for Competitive Intelligence

Inferential Analysis

Single Equation with one IV on DV with a Moderator

In order to establish the relationship between the independent variables and independent variable

with the effect of moderator, simple linear regression was carried out using the model:

$$Y = \beta_0 + \beta_1 X_i + e \quad (i=1, 2, 3, 4);$$

$$Y = \beta_0 + \beta_1 X_i + \beta_m M + e;$$

$$Y = \beta_0 + \beta_1 X_i + \beta_m M + \beta_{mi} X_i M + e$$

Table 5: Model Summary of Strategy Implementation on Return on Equity with moderator

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.397 ^a	.158	.093	1.073	.810

Table 6: ANOVA of Strategy Implementation on Return on Equity with moderator

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	8.419	3	2.806	2.438	.009 ^b
Residual	44.888	39	1.151		
Total	53.307	42			

Table 7: Coefficients of Strategy Implementation on Return on Equity with moderator

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
(Constant)		3.514	.180		19.50	.000
1 Strategic Implementation		-.071	.269	-.063	-.266	.792
Competitive Intelligence		-.555	.250	-.492	-2.223	.032
SIM_Moderator		-.102	.113	-.226	-.899	.374

Table 8: Model Summary of Strategy Implementation on Return on Assets with moderator

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.750 ^a	.562	.528	.62796	1.711

Predictors: (Constant), SIM_Moderator, Competitive Intelligence, Strategic Implementation; Dependent Variable: Return on Asset

Table 9: ANOVA of Strategy Implementation on Return on Assets with moderator

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	19.737	3	6.579	16.684	.000
	Residual	15.379	39	.394		
	Total	35.116	42			

Table 10: Coefficient of Strategy Implementation on Return on Assets with moderator

	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error			
(Constant)		4.322	.105		40.989	.000
Strategy Implementation		.187	.157	.204	1.187	.243
Competitive Intelligence		.135	.146	.147	.923	.362
SIM_Moderator		-.169	.066	-.463	-2.553	.015

Table 11: Model Summary of Strategy Implementation on Customer satisfaction with moderator

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.751 ^a	.564	.530	.61377	1.477

Predictors: (Constant), SIM_Moderator, Competitive Intelligence, Strategic Implementation

Dependent Variable: Customer Satisfaction

Table 12: ANOVA of Strategy Implementation and Customer satisfaction with moderator

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18.983	3	6.328	16.797	.000
	Residual	14.692	39	.377		
	Total	33.674	42			

Dependent Variable: Customer Satisfaction

Predictors: (Constant), SIM Moderator, Competitive Intelligence, Strategy Implementation

Table 13: Coefficient of Strategy Implementation and Customer satisfaction with moderator

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	4.224	.103		40.9	.000
Strategic Implementation	.112	.154	.126	.731	.469
Competitive Intelligence	.616	.143	.688	4.31	.000
SIM_Moderator	.014	.065	.038	.210	.835

DISCUSSION

The study investigated how the strategy implementation, which is independent variable, affect return on equity, return on assets and customer satisfaction when moderator is included in the regression analysis. Table above showed model summary on strategy implementation and Return on Equity with moderator. The value of R-square is given as 0.146 and adjusted R-square as 0.093. This indicated that 15.8% of the variable return on equity is explained by the independent variables, it therefore suggests that the model is quite significant in explaining the variances. The significance result at $p < 0.05$ provides support for the relationship.

Asset with moderator the value of R-squared was given as 0.562 and adjusted R-squared as 0.528 showing that 56.2% of the variable return on assets was explained by independent variables suggesting that the model is quite significant in explaining the variance at the significance result of $p < 0.05$ supporting the relationship between the variables. Table above showed that Strategic implementation and Customer Satisfaction with moderator R-squared given as 0.564 and adjusted R-squared was given at 0.530. This showed that 56.4% of the customer satisfaction is explained by the independent variables indicating that the model is significant.

The Durbin-Watson value in table was .810 which was a cause of concern according to Field (2017). However, it had positive correlation between residuals. In table above the Durbin-Watson 1.711 which was approaching 2 hence it was good and positively correlated with independent variables. In table above the Durbin-Watson was 1.477 which

was less than 2 indicating positive correlation. ANOVA was conducted to compare the effect of strategic implementation, competitive intelligence and moderator effect on Return on Equity, Return on assets and Customer satisfaction level. Table above showed effect strategic implementation and significance effect of independent variables and moderator on return on equity at $p < 0.05$ (.009) level [F (3, 42) = 2.438, $p = 0.009$].

Table above compared the effect of strategic implementation, competitive intelligence and moderator effect on Return on Assets. It also indicated significant effect of independent variable on return on assets at $p < 0.05$ (0.000) level [F (3,42) = 16.684, $p = 0.000$]. Lastly, in table above it gave statistically significant model at $p < 0.05$ level [F (3, 42) = 16.797, $p = 0.000$ showing that the model was fit. These results showed that the final model significantly improved our ability to predict the outcome variable hence the model is significant. In order to establish the relationship between the variables coefficient of were looked at, in Table above it gave the coefficient of strategic implementation and that of moderators on effect of return on equity. The constant $\alpha = 3.514$ with $P = 0.000$, strategic implementation $\beta = -0.071$, $p = 0.792 > 0.05$, Competitive intelligence $\beta = -0.555$, $p = 0.032 < 0.05$, Moderator effect coefficient $\beta = -0.102$ $p = 0.374 > 0.05$. The table above gave coefficient of strategic implementation and moderator effect on Return on Assets. The coefficient of constant $\alpha = 4.322$ with $p = 0.000$, coefficient for strategic implementation $\beta = 0.187$, $p = 0.243$, coefficient for competitive intelligence $\beta = 0.135$, $p = 0.362 > 0.05$, coefficient for Moderator effect $\beta = -0.169$, $p = 0.0150 < 0.05$.

Table above gave the coefficient of strategic implementation and that of moderators on effect on customer satisfaction. From the table the coefficient of the constant $\alpha = 4.224$ with $p = 0.000$, the coefficient of strategic implementation $\beta = 0.112$, $p = 0.469 > 0.05$, the coefficient for competitive intelligence $\beta = 0.616$, $p = 0.000 < 0.05$, the coefficient of the moderator effect $\beta = -0.014$, $p = 0.835 > 0.05$. Each of these β values have an associated standard error indicating to what extent these values would vary across different samples, and these standard errors are used to determine whether or not the β value differs significantly from zero (using the t-statistics). Therefore, if the t-test associated with a β value was significant (i.e., $p < .001$) then that predictor was making a significant contribution to the model. For instance, the three models which have influence include: -

Return on Equity = 3.514 - 0.555Competitive intelligence + ϵ (i)

Return on Assets = 4.322 - 0.169Moderator effect + ϵ (ii)

Customer satisfaction = 4.224+ 0.616Competitive Intelligence + ϵ (iii)

The findings revealed that strategic implementation does not on its own affect the firm performance, however the moderator has some impact especially when it comes to customer satisfaction. These findings confirm findings by Tapinos (2010) who concluded that performance measurement has a supporting role in strategic implementation.

SUMMARY

Performance is a fundamental fragment of the indispensable design process. It has been portrayed as “the process that turns strategies and plans into actions to accomplish organizational objectives”. It addresses who, where, when, and how to do organizational exercises effectively to accomplish better results. The findings revealed mixed reaction on firm performance due to mixed level of implementation aspects. Implementation is a process and only if broken into parts real effect can be realized. The concept of leadership, level of

implementation process and means through which implementation are done all have effect on the final performance of the firm. Therefore, we concluded that strategy implementation has effect on return on assets when properly implemented. Customer satisfaction does not relate with overall strategic implementation, however with moderator effect, it has some effect. The human element is key in strategy implementation, both administrators and employees ought to directly participate in strategy execution decisions and communication which are integral to ensuring that the objectives are achieved, of importance also under the human element is the issue of training and motivation of the human resource.

The findings showed close relationship between competitive intelligence on strategy implementation. The study findings found positive relationship between the two elements. In testing firm financial performance, we accepted null hypothesis and reject null hypothesis when it was regressed against non-financial performance. Competitive intelligence is most often used in strategy implementation by operating managers within strategic business units (SBUs). In most cases, it improves the customer perception on the product as opposed to the financial performance of the product.

CONCLUSION

The study findings concluded that strategy implementation has positive relationship with firm performance. This implied that top management must ensure that after strategy formulation, implementation and planning must be taken seriously since when appropriately undertaken, it will have positive impact on firm performance. Other concept which arose during research includes quality of leadership and level of involvement by other staff in implementation of strategy will influence level of performance.

The study findings concluded that there was very little impact of competitive intelligence on strategy implementation. The study provided a synthesis of the literature pertaining to competitive intelligence

processes and activities. The competitive intelligence was limited to industry and product value chain analysis. It was concluded that competitive intelligence cannot supply the final judgements on management process and firm performance. This therefore implied that there is a gap in competitive intelligence as on competitive intelligence team have the power to act on the findings and have the final say on how the organisations acts.

RECOMMENDATION

The strategic implementation and planning dimension made the highest unit contribution to

firm performance. Top management must ensure that strategy implementation and planning are taken seriously since when appropriately undertaken, it will have positive impact on firm performance

Areas of further Research

This study focuses on the influence of Competitive Intelligence on the Relationship between strategy implementation and Performance of Companies listed on Nairobi Securities Exchange in Kenya. It is essential for the same study to be done using other specific financial variables to establish whether they are likely to yield same results.

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