IMPACT OF MARKET FACTORS ON STRATEGY IMPLEMENTATION IN STATE CORPORATIONS IN KENYA

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ABSTRACT

To achieve effectiveness and efficiency in strategy implementation in state corporations, change is needed. Due to the rapid changing global environment and increasing demand for service delivery, continuous change is needed. Changes have been taking place in the Kenyan state corporations since 2003 and this has been as a result of corporate strategy implementation. However, it is not enough to develop a good strategy, good strategies can fail during implementation. The state corporations in Kenya, like in most countries in Sub-Saharan Africa, have been characterized by slow and bureaucratic processes that retard corporation’s performance. Employees and managers in these corporations have been perceived as not performing as they should. Kenyan state corporations are important to the economy of the country. They provide social and essential services to the Kenyan population. There was therefore a need to investigate ways to improve strategy implementation in state corporations, and the focus was on socio-cultural factors. The study sought to establish the impact of market forces on strategy implementation among state corporations in Kenya. A survey was conducted using a self-administered questionnaire distributed to 485 managers in state corporations in Kenya. Correlation and exploratory factor analysis, the KMO measure of sample adequacy, Bartlett’s test of sphericity, Kolmogorov-Smirnov test for normality, multi-Collinearity diagnostic and regressions were the main statistical procedures used to test the appropriateness of data, correlation and significance of the relationships hypothesized between the various independent and dependent variables. The findings revealed a fairly strong, statistical significant relationship existed between customers and strategy implementation. This shows that managers in state corporations in Kenya have identified their customers’ primary needs and keep up-to-date with changing customer needs. The findings also showed a fairly strong, statistical significant relationship existed between suppliers and strategy implementation. There was a perception among the managers that suppliers play a critical role by providing them with essential market information. Furthermore, labour market showed a fairly strong, statistically significant relationship with strategy implementation. Managers of Kenyan state corporations perceived the state corporations to be unaffected by labour market regulations. They set staff selection criteria according to labour market requirements and allowed the labour market to dictate their recruitment process.

Key Words: ***Customers, Suppliers, Competitors, Labour Market, Strategy Implementation, State Corporations in Kenya***

Introduction

According to Pearce and Robinson (2005:46), for organisations to achieve their goals and objectives, it is necessary to adjust to their environment. A strategy is linked to the organisational environment and is a critical element in organisational functioning. The problem lies in successful strategy implementation. Harvey (2004:102) points out that the implementation of strategies remains the greatest stumbling block as many organisations are not able to achieve their corporate goals and objectives adequately. Furthermore, organisations today face major unpredictable changes that make strategy implementation more difficult and complex than in the past. This is also true for state corporations in Kenya.

According to the World Bank Group's (2007:25) country assessment report, the quality of service in the state corporations was very low prior to 2003 due to inadequate accountability and responsibility, as well as poor governance. Poor management of the public assets led to an almost total collapse of infrastructure, decline in productivity and an increase in poverty (close to 56 percent of the population were living with incomes of less than US$2 per day) (Kenya National Bureau of Statistics, 2006:48). There was relatively low discipline in management and some of the state corporations that were previously successful went into liquidation such as, for example, the Kenya National Assurance and the Kenya Taxis Company, KENATCO (Republic of Kenya, 2005:15).

In 2003, reform programmes were instituted to change the situation. State corporations were now expected to finance their operations without reliance on the state to bail them out. The rising demand and expectation of improved services by the taxpayers prompted more changes in the management of the state corporations (Flynn, 2007:87; Henry, 2001:65). Strategic planning and performance contracts were instituted, which improved the management of state corporations (Kenya Institute of Management, 2008:10) Although a changing environment in itself necessitates changes, state corporations appear to have inherently less ability to act as freely as private sector organisations (Henry, 2001:87). This study therefore sought to investigate, the impact of market forces strategy implementation in state corporations in Kenya.

Statement of the Problem

According to Government of Kenya (2006a:44), the external business environment in Kenya has witnessed dynamic changes. These changes include: accelerated formulations of economic reforms by the government, the liberation of the economy and markets, discontinuation of price controls, privatisations and commercialization of the public sector and increased competition. In this changing environment, state corporations and private sector organisations operating in the Kenyan environment have to constantly adapt to these changes through effective strategy formulation and implementation in order to remain competitive.

Most state corporations in Kenya have proven to be largely ineffective and inefficient in achieving their strategic objectives. Some of the reasons cited by the World Bank (2005:66) for this outcome included: lack of clear vision and poor articulation of objectives; absence of teamwork among the staff; lack of proper strategy formulation and implementation measures and lack of long term political commitment and goodwill to reform public institution. Some of the policies in state corporations were predominantly focused on achieving specific targets. In most cases, these efforts failed to provide enough room or sufficient time to implement a complex framework based on institutional development and capacity building.

The government has attempted to streamline state corporations through the introduction of reforms as contained in policy documents such as (Government of Kenya, 2007:38): are the Economic Recovery Strategy for Wealth and Employment Creation (2003-2007); Poverty Reduction Strategy Paper (PRSP) (2002); the Investment Programme for Economic Recovery Strategy IP-ERS(2004), and the Kenya Vision 2030.

Although formulating a consistent strategy is a difficult task for any management team, making that strategy work, in other words, implementing it throughout the organization is even more difficult (Hrebiniak & Joyce, 2006:56). A study by David (2007:98) has shown that a considerable proportion (more than 65%) of organisational strategies fail to get implemented effectively. Previous studies (see for example Awino, 2001:86; Macmillan & Tampoe, 2001:39; Musyoki, 2003:98; Warsame, 2002:67) have attempted to explore the different aspects of organisational management such as strategy and policy formulation, development of a mission and vision and development of strategic goals and objectives. However, no study has been done in Kenya to establish the external factors affecting strategy implementation in Kenyan state corporations. Yet, successful strategy implementation is a critical aspect in the strategic management process. Strategy implementation in Kenyan state corporations has not received much attention like the other components of strategic management, hence the existence of a significant knowledge gap which this study aims at bridging. This led to the following problem being addressed in this study. The main research question is, what are the market factors affecting successful implementation of strategies in Kenyan state corporations?

In view of the fact that strategy implementation is a key component of the strategic management process of state corporations, there is a need for increased research in this area to unveil challenges and constraints as well as the factors that act as impediments to organisational strategy implementation in Kenyan state corporations. Despite efforts to formulate these policies and strategies, service delivery still remains limited and inefficient in most state corporations and government ministries as was indicated in the introduction.

Research Objectives

i. To determine the impact of customers on strategy implementation in state corporations
ii. To establish the impact of suppliers factors on strategy implementation in state corporations
iii. To ascertain the impact of competitors on strategy implementation in state corporations
iv. To establish the impact of labour market on strategy implementation in state corporations

Research Hypothesis

H_{a1}: Management perceptions of customers are related to strategy implementation in state corporations.

H_{a2}: Management perceptions of suppliers are related to strategy implementation in state corporations.

H_{a3}: Management perceptions of competitors are related to strategy implementation in state corporations.

H_{a4}: Management perceptions of the labour market are related to strategy implementation in state corporations.

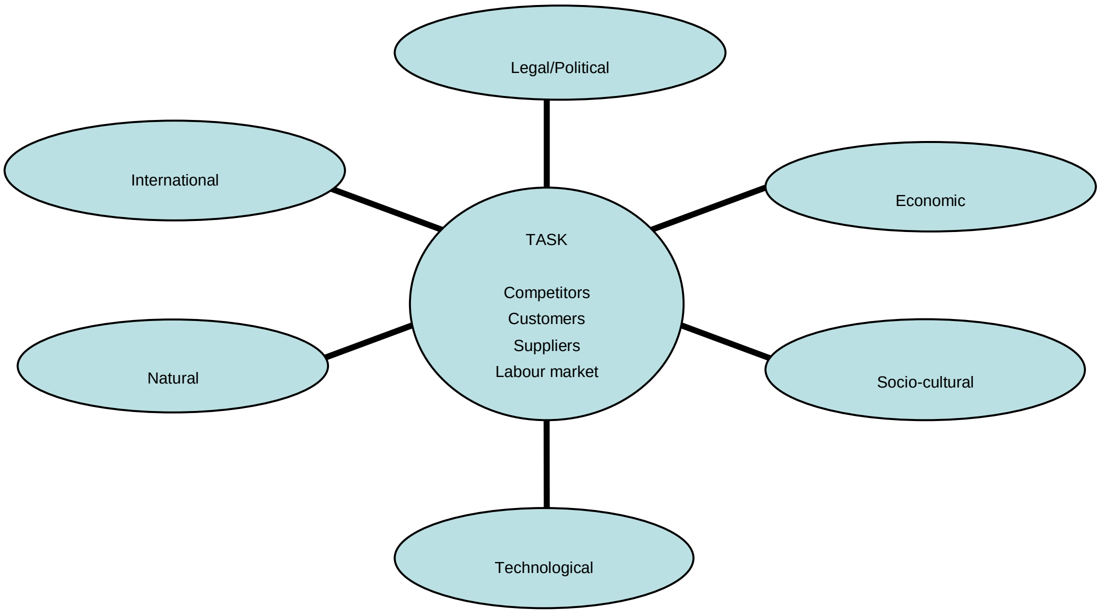
Theoretical Review

In order to have a better understanding of the problem statement linked to this research it was useful to explore conceptual models which can support this study. The study was supported by the Nortel network external environment model.

The Nortel network external environment model

Figure 2 shows the elements of the external environment that impact organisations. The general environment consists of a number of important interacting sub-environments, namely the international-, technological-, economic-, legal-, political-, social-cultural- and natural environment (Daft, 2010:69). Within the external environment is also the task environment. The task or market environment comprises all those variables that have a direct working relationship with the organisation such as (Daft, 2010:69): *Customers* (the market), with their specific characteristics, purchasing power and behaviour. As recipients of the organization's output, they determine the organization's success; *Competitors*, who are already established in the market and intend to retain or improve their market share; *Labour market*, the people available for recruitment and selection by the organisation; *Suppliers*, who supply raw materials to the organisation to produce its output, products for further assembly, services and financing to the organisation. Figure 2 depicts the relationship among the general and task (market) environments.

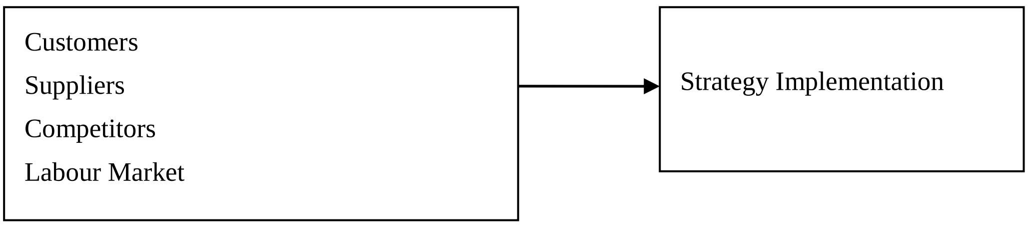
Figure 2: The Nortel network external environment model



Adapted from: Daft (2010:72)

Changes in these environments can create challenges for organisations, especially when trying to implement strategies.

Conceptual Framework



Independent variables

Dependent variable

Figure 2: Conceptual framework

Customers

According to Daft (2010:69), customers can be either buyers or users of the ultimate product or service. Customers have specific characteristics, purchasing power and behaviour (Bosch et al., 2006:44). According to Starling (2004:45), focusing on the internal environment when implementing strategies should result in well-managed relationships to retain government customers and allow for a prompt response to public demands. Burstein (2003:31) declares that considering public opinion is a fundamental requisite for improving government responsiveness, by not merely reacting to popular customer demands, but taking the initiative in proposing solutions for previously identified problems.

Starling (2004:48) affirms that knowing the public's preferences helps governments to develop expertise to create more effective programmes for customer satisfaction. In the rapidly changing and globally competitive environment, organisations must continuously collect information about customer needs and wants to create greater value for customers (Paarlberg, 2007: 202). Morgan and Rego (2006:426) suggest that obtaining customer feedback to set goals and formulate strategies is key to monitor performance. Organisations typically collect feedback data via customer surveys using measures of attribute level and overall satisfaction, behavioral loyalty intentions and actual loyalty behaviours, such as making recommendations.

Suppliers

Suppliers are people and organisations who provide raw materials (input) to organisations to produce their output (Daft, 2010:88; Porter, 2004:81). These inputs may require a certain quality and specific lead time between the placement of the order and the time needed for operations (Kotler & Amstrong, 2006:35). Hugo and Badenhorst-Weiss (2011:27) assert that strategic purchasing and supply planning should take place at top management level. Burke, Carrillo and Vakharia (2007:97) are in favour of using multiple suppliers as it is less risky and provides greater assurance of timely delivery.

According to Daft (2010:70), an organization's strategy may be influenced by the status of its suppliers, which is a critical factor for strategy adoption and implementation. The quality of goods and services received from suppliers also affects strategy implementation. According to Wu and Blackhurst (2009:4594), the performance of suppliers must also be evaluated in terms of quality and on-time delivery. Most importantly, organisations should have a purchasing and supply policy on ethics, in which guidelines for daily activities are clearly spelled out (Hugo & Badenhorst-Weiss, 2011:94). This ethical code of conduct should be known to all employees, and top management should ensure that they all understand and support the policy.

Competitors

Competitive pressure refers to the degree of competition that the organisation experiences from competitors in the industry (Zhu & Kraemer, 2005:70). Competitors' pressure is a driving force for strategy implementation (Daft, 2010:70). In Kenya, strategy development and implementation are changing the competitive landscape in which organisations operates (Peace *et al.*, 2002:47). Kotler (2008:210) suggests that an organisation has to be aware and predict the dynamics of rivals' actions, responses and intentions prior to strategy implementation. Kotler *et al.* (2002:89) recommend that an organisation positions itself so to be the least vulnerable to competitive forces while exploiting its unique advantage. Organisations that acquire new strategic assets faster and cheaper than those of their competitors can become industry leaders, with best- practices which can create a long-term competitive advantage for them. (Singh, Sharma & Singh 2011:20).

Labour market

Lay (2003:7) refers to the labour market as "all the people who are able to work and want jobs in a country or area". Button *et al.* (2006:134) advise organisations to adhere to labour marketing policies such as workforce diversity to avoid labour discrimination, as it can ultimately affect strategy implementation. Changes in the various sectors of the labour market environment can create many challenges for organisations and effective strategy implementation (Daft, 2010:89). State corporations compete with the private sector for highly skilled employees (Harris 2008:33).

Nunez and Livanos (2009:476) find that there is a rising mismatch between the demand and supply of some specific jobs, which creates imbalances in the labour market, ultimately impacting organisational strategy.

According to Bassanini and Ernst (2002:34), labour market policies and regulations may have important consequences for the profitability of organisations. Yu and Cable (2013:49) assert that a talented workforce helps an organisation to execute and deliver on strategic objectives. Recruitment linked to labour market requirements should therefore no longer be viewed as just another HR component, but rather as a strategic tool as critical shortages of managers may occur. Selection criteria should change as changes in labour market regulations take place (Collings, Scullion & Morley, 2007:198).

Research Methodology

This study adopted the positivistic research paradigm also known as the quantitative, objectivist, scientific, experimentalist or traditionalist research paradigm (Collis & Hussey 2003:47). The positivism research paradigm means that knowledge can be revealed or discovered through the use of a scientific method. In quantitative research the aim is to describe trends and it is a useful approach when making comparisons and testing relationships/hypothesis. The study adopted the descriptive research approach as it determines and reports the ways things are at present (Kothari, 2004:10). This approach is also appropriate because the study involved fact-finding and enquiries of different kinds to determine impact of market forces on strategy implementation in state corporations in Kenya. Orodho (2002:47) further observes that descriptive research is designed to obtain information concerning the current phenomena and wherever possible to draw valid general conclusions from facts discussed. Mugenda and Mugenda (2003:55) suggest that a descriptive study can be used to explain or explore status of two or more variables at a given point in time. The population of interest for this research and units of analysis was all top- and middle management of the 104 state Corporations in Kenya. The probability sampling technique was adopted by the study where a total of 31 (30%) state corporations were drawn randomly from the 104 state corporations in Kenya. The sampling frame was obtained from the only available database of state corporations in Kenya namely, the Kenya National Bureau of Statistics.

Using the systematic sampling technique, the first state corporations from the list were identified thereafter every third state corporation were selected until the required sample of 31 state corporations was obtained. The criterion for inclusion of individual respondents in the sample was based on the position held in the state corporation, that is, any individual in top- and middle management levels was targeted in the study since they are the decision makers and implementers in the state corporations. The state corporations were contacted to obtain a data basis (organisational chart) of the top- and middle managers.

These managers were selected using simple random sampling technique and based on their availability and willingness to participate in the study. A total of 485 questionnaires were distributed.

The study used primary data collected from the top- and middle managers within the state corporations using the survey method. The quantitative study entailed the distribution of a self-administered structured questionnaire to the targeted respondents, as already described. The questionnaires were personally delivered or sent via email to the identified top- and middle managers. The computer programme STATISTICA10 (2011) was used to analyse the data. Kolmogorov-Smirnov test for normality was used to examine the data for normality.

To measure sampling adequacy, the Kaiser-Meyer-Olkin (KMO test) and Barlett's sphericity tests ensure that the data set did not conform to an identity matrix. In this study both face and content validity were utilized as validity tests. The questionnaire was given to experts in the fields of management and statistics as well as the study supervisors to appraise the items' suitability in obtaining information according to research objectives and study variables.

Exploratory factor analysis was also performed to reduce the number of variables to a small number of factors (constructs) and to confirm the hypothesized constructs to validate the research instrument. A cut-off point of 0.3 and above was used for significant factor loadings. This analysis assesses the convergent and discriminant validity of the measuring instrument. This study utilized the internal consistency method which requires the average correlation among the items and the length of the test by computing Cronbach's Alpha values to assess the internal reliability of the data collected. A cut-off point of 0.7 will be regarded as reliable. The Spearman Rho correlation analysis was performed to determine correlation between the factors and multi-Collinearity diagnostics test results to confirm whether Collinearity problems existed between variables of the study. Multiple regressions were performed to determine the independent variables to be retained as having statistically significant relationships with strategy implementation. Descriptive statistics and the results are in the form of frequencies, percentages, mean and standard deviation. The demographic profile of respondents was also presented.

Results

The study obtained responses from a total of 30 of 104 possible state corporations in Kenya. A total of 485 questionnaires were administered to the respondents, resulting in a 86.6% final response rate. Out of these, 65 questionnaires representing 13.4% were disqualified due to incompletion, not being returned, or from those unwilling to participate in the study. The analysis of the results is thus based on 420 questionnaires. Sekaran (2003:244) is of the opinion that a minimum sample size of 30 to a maximum of 500 is sufficient and acceptable for a scientific investigation.

Kolmogorov-Smirnov Test for Normality

The data for this study was screened for influential outliers which are linked to normality or non-normality of data. Kolmogorov-Smirnov test was used. According to Hair *et al.* (2006:132), data screening also includes assessing distributional characteristics of the data. An assessment for distributional characteristics which included examining the data for normality was conducted by performing the Kolmogorov-Smirnov test for normality. This is important because many model estimation methods are based on an assumption of normality since non-normal data may result in inflated statistics and underestimated standard errors (Lei & Lomax, 2005:15). According to Norusis (2007:54), for a data set to be normally distributed, the Kolmogorov-Smirnov (Z-Statistic) significance level should be greater than 0.05 (p>0.05). The results of the Kolmogorov-Smirnov test for normality are shown in Table 1.

Table 1: Kolmogorov-Smirnov Test for Normality

Nature of the test	Strategy implementation	Market
Sample (N)	420	420
Kolmogorov-Smirnov (Z-Statistic)	4.421	1.933
Sig. (p-value)	0.328	0.528

As can be seen in Table 1, the Kolmogorov-Smirnov (Z-Statistic) for variables strategy implementation and external variables were all significant since all their p-values were greater that 0.05 (Norusis, 2007:54). This shows that the data set for all the study variables (strategy implementation, internal, market and external variables) had a normal distribution.

The Kaiser-Meyer-Olkin (KMO test

Findings in Table 2 show that the KMO statistic was significantly high at 0.804 and greater than the critical level of significance of the test which was set at 0.5 (Field, 2009:77). The Barlett's test of sphericity was also significant (Chi-square of 5570.466,104 with 190 degree of freedom, at $p < 0.05$). These results provide justification for further statistical analysis.

Table 2: KMO and Bartlett's tests for Market Factors

Nature of the test		Statistics	Deductions
Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy	KMO statistic	0.804	Significant
Bartlett's test of sphericity	Chi-Square statistic	5570.466	Significant
	df	190	
	Sig.(p-Value)	0.000	

Validity of Measuring Instrument

Construct validity was utilized to assess the convergent and discriminant validity of the measuring instruments. For this purpose, Principal Component Factor analysis was conducted using the statistical software packages Statistica 10 (2010). This study adopted the minimum loading of 0.3 (Hair et al. (2006:113). The items that loaded less than 0.3 were eliminated from the component factor matrix.

Table 3: Principal Component Factor Matrix

Item no	customers	Suppliers	Competitors	Labour Market
1	**0.817**			
2	**0.866**			
3	**0.810**			
4	**0.758**			
5	**0.706**		0.308	
6	0.457	**0.652**		
7		**0.531**		
8	0.335	**0.758**		
9		**0.724**		
10			0.457	
11			**0.476**	
12			**0.737**	
13	0.320		**0.755**	0.370
14	0.418		**0.662**	0.389
15	0.341	0.359	**0.619**	
16				**0.649**
17				**0.744**
18				**0.837**
19	0.301			**0.597**
20				**0.837**

Table 3 shows the factor coefficients loading matrix of the market factors. None of the items loaded below the minimum threshold of 0.3.

Customers

Items 1, 2, 3 and 4 only loaded onto Factor 1. Items 5 was retained in factor 1 due to having a factor loading above 0.5 and being at least 0.2 higher than the other cross factor loadings. Convergent validity has been confirmed for this scale. Items 6, 8 13, 14, 15 and 19 have been disregarded for this factor as they had factor loadings below 0.5 and had higher cross loading values in other factors. A total of five items were retained in this factor.

Suppliers

Item 9 only loaded onto Factor 2. Items 6 and 8 were retained in factor 2 due to having the higher cross factor loadings with at least a 0.2 difference. Convergent validity has been confirmed for this scale. Item 15 was disregarded as the factor loading was below 0.5 and it had a higher cross factor loading in another factor. In this factor, a total of four items were retained.

Competitors

Items 12, 13, 14 and 15 were retained in factor 3 due to exceeding the 0.5 threshold for loadings and having the highest cross factor loading that differ by at least 0.2 as compared to other factors. Convergent validity has been confirmed for this scale. Items 5 and 10 have been disregarded for this factor as they had higher cross loading values in other factors and have factor loadings below 0.5. A total of four items were retained in this factor.

Labour Market

Items 16, 17, 18 and 20 only loaded onto Factor 4. Item 19 was retained in factor 4 as it exceeds 0.5 and had a higher (more than 0.2 difference) cross factor loading. Convergent validity has been confirmed for this scale. Items 13 and 14 have been disregarded due to not meeting the cut-off point of 0.5 for loadings and have higher cross loading values in other factors. In this factor, a total of five items were retained.

Factor Analysis

Customers

Table 4 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the customers factor. Table 4 shows that the construct customers has an Eigenvalue of 7.19 which is greater than 1, and all factor loadings are greater than 0.30 and are thus above the cut-off point. The customers factor explains 35.95% of the variance in the data. The Cronbach's alpha coefficient for customers is 0.912, suggesting that the instrument used to measure this factor is internally reliable. Morgan and Rego (2006:426) observe that managers often use customer feedback data to set goals and formulate strategies which is critical to monitor future business performance. According to Starling (2004:45), focusing on the internal environment when implementing strategies will probably result in well-managed relationships to retain government customers and allow for a prompt response to public demands. Burstein (2008:31) affirms that awareness of public opinion is a fundamental requisite for improving government responsiveness by not merely reacting to popular customer demands but taking the initiative in proposing solutions for previously identified problems.

Table 4: Results of the factor analysis of customers

Eigenvalue: 7.19 % of variance: 35.95		Cronbach's alpha = 0.912		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
MAR1	Has identified our primary customers' needs	0.817	0.746	0.902
MAR2	Keeps up-to-date with changing customer needs	0.866	0.738	0.893
MAR3	Consults with customers on strategy issues	0.810	0.768	0.921
MAR4	Obtains customer feedback on service delivery	0.758	0.702	0.896
MAR5	Has strategies in place to retain customers	0.706	0.811	0.934

Suppliers

Table 5 shows the results of the factor analysis in terms of factor loading and Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the supplier's factor. The construct suppliers explains 49.29% of the variance in the data. Table 8.19 depicts that suppliers has an Eigenvalue of more than 1 (2.67) and all loadings are above the cut-off point of 0.3. The Cronbach-alpha coefficient for suppliers is 0.693, suggesting that the measuring instrument used to measure this construct is reliable. Daft (2010:88) and Porter (2004:81) describe suppliers as people and organisations who provide raw materials (input) to organisations to produce their output. Hugo and Badenhorst-Weiss (2011:27) contend that strategic purchasing and supply planning should take place at top management level. Burke et al. (2007:97) support this view but advocate multiple suppliers as this is less risky and provides greater assurance of timely delivery. However, Daft (2010:70) warns that an organisation's strategy implementation decision may be influenced by the status of its suppliers, which are a critical factor for strategy adoption and implementation. In addition, the quality of goods and services received from suppliers also impacts strategy implementation.

Table 5: Results of the factor analysis of suppliers

Eigenvalue: 2.67 % of variance: 49.29		Cronbach's alpha = 0.693		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
MAR6	Chooses suppliers based on meeting quality standards	0.652	0.854	0.724
MAR8	Prefers a multiple suppliers base above a single supplier base	0.758	0.756	0.685
MAR9	Consults with stakeholders prior to choosing a supplier	0.724	0.679	0.717

Competitors

Table 6 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the competitors factor. Table 6 shows that the construct competitors has an Eigenvalue of 1.54 which is greater than 1, and all factor loadings are greater than 0.30 and are above the cut-off point. The competitors construct explains 56.99% of the variance in the data. The Cronbach's alpha coefficient for competitors is 0.799, suggesting that the instrument used to measure this factor is internally reliable.

According to Daft (2010:70), competitors' pressure is a driving force for strategy implementation. Kotler (2008:210) warns that an organisation must be aware and predict the dynamics of rivals' actions, responses and intentions prior to strategy implementation. Kotler *et al.* (2002:89) recommend that an organisation positions itself so to be the least vulnerable to competitive forces while exploiting its unique advantage. Auger *et al.* (2003:146) are of the opinion that the more focused Kenyan organisations are on their strategic implementation process, the more likely they will be to leverage any possible means to handle the competitive pressures.

Table 6: Results of the factor analysis of competitors

Eigenvalue: 1.54 % of variance: 56.99		Cronbach's alpha = 0.799		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
MAR12	Is aware of competitors' strategies	0.737	0.813	0.802
MAR13	Offers a unique service to the customers	0.755	0.584	0.781
MAR14	Is regarded in our country as the leader in terms of best practices	0.662	0.566	0.784
MAR15	Uses differentiation as a basis for competition	0.619	0.534	0.818

Labour market

Table 7 shows the results of the factor analysis in terms of factor loadings, Cronbach's alpha values for each item as well as Eigenvalue and variance explained by the *labour market* factor. The construct *labour market* explains 63.64% of the variance in the data. Table 7 depicts that *labour market* has an Eigenvalue of more than 1 (1.33) and all loadings are above the cut-off point of 0.3. The Cronbach's-alpha coefficient for *labour market* is 0.691, suggesting that the instrument used to measure this construct is reliable. Labour market encompasses all the people who are able to work and want jobs in a country or area (Lay, 2003:7). Button *et al.* (2006:134) advise organisations to adhere to labour marketing policies such as workforce diversity, to avoid labour discrimination, as it can ultimately affect strategy implementation. Change in the various sectors of the labour market environment can create many challenges for organisations and effective strategy implementation (Daft, 2010:89). Yu and Cable (2013:50) state that people are the principal drivers of organisational success. A talented workforce helps an organisation to execute and deliver on strategic objectives.

Table 7: Results of the factor analysis of labour market

Eigenvalue: 1.33 % of variance: 63.64		Cronbach's alpha = 0.691		
Item no.	**Statements**	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
MAR16	Is unaffected by labour market regulations	0.649	0.582	0.706
MAR17	Sets staff selection criteria according to labour market requirements	0.744	0.633	0.698
MAR18	Allows the labour market to dictate our recruitment process	0.837	0.857	0.735
MAR19	Implements labour market policies effectively	0.597	0.679	0.694
MAR20	Has access to an adequate skilled and experienced labour market	0.837	0.926	0.686

Correlation Analysis

According to Kotler (2008:210), market forces entail diagnosis of competitors' goals, current strategy, assumptions of the industry, and capabilities in terms of strengths and weaknesses. Daft (2010:70) proposes that elements of a market analysis entail an analysis of their sources of competitive advantage. These would include the customers' actions, suppliers, competitors and labour market. Table 8 illustrates the factor correlation relationships of the market factors and the dependent variable strategy implementation.

Table 8: Correlation Analysis

Factors	SI	CU	S	CO	LM
Strategy Implementation (SI)	1				
Customers (CU)	0.706	1			
Suppliers (S)	0.390	0.655	1		
Competitors (CO)	-.0642	0.578	0.562	**1**	
Labour market (LM)	0.160	0.236	0.485	0.211	1

As can be seen in Table 8, strategy implementation has the strongest relationship with customers and has an average relationship with suppliers. A negative relationship exists between strategy implementation and competitors. Customers had strong relationships with suppliers and competitors and an average relationship with labour market. Suppliers had a strong relationship with competitors and an average relationship with labour market. The weakest relationship exists between strategy implementation and the labour market. Lally (2007:8) relates market forces to strategy and argues that managers are good at creating strategies based on market conditions, but they often stop there without considering whether elements underneath the strategy – values, staff, and the rest – are aligned with it. If they are not, the strategy fails. The core idea is that regardless of how market conditions change, when the manager realigns his or her strategy, other organisational elements must also change. In agreeing with this view Sward (2006:48) indicates that managers should also work diplomatically with senior management in order to facilitate effective penetration of the market. Often the manager has to entertain both the employees and senior management when working to accomplish strategy geared for customer satisfaction.

Results of the Multi-Collinearity Diagnostics Testing

According to Trochim (2006:85), multi-collinearity exists when two or more variables are highly correlated with each other. Roux (2006:55) believes that proper multi-collinearity diagnostics are necessary since highly correlated variables designed to test different concepts usually measure the same theoretical concepts. Multi-collinearity diagnostics analysis facilitates the identification of measuring items or variables that have a high correlation among themselves. According to Campbell and Fiske (2009:88), when multi-collinearity exists within the data set, it can negatively affect the parameters of measurement, especially in a multiple regression model, and hence produce a misleading result. During multi-collinearity diagnostics analysis, Field (2009:66) suggests that a tolerance value of less than 0.1 indicates a serious collinearity problem. In addition, when the Variance Inflated Factor (VIF) values are greater than 10, then there is cause for concern. Table 9 indicates the results of the multi-collinearity diagnostics analysis test. As can be seen in Table 9, the tolerance values for the market factors vary from 0.454 to 0.744, which are all higher than the acceptable limit of 0.1, while the VIF values for all the variables are less than 10, demonstrating that the variables are not highly correlated among themselves, and therefore the data set is free from multi-collinearity problems.

Table 9: Results of the Multi-Collinearity diagnostics

Dependent variable: Strategy implementation **Market variables**	**Multi-Collinearity statistics**	
	Tolerance value	**VIF**
Customers	0.489	2.046
Suppliers	0.454	2.202
Competitors	0.599	1.669
Labour Market	0.744	1.344

Multiple Regression Analysis

According to Kotler (2008:65), market forces play a significant role in the implementation of strategies in organisations. The elements of market analysis profile for Kenyan state corporations entailed an analysis of their sources of competitive advantage. These include the actions of customers, suppliers, competitors and the labour market. Therefore the second set of hypotheses related to the effect of market forces on strategy implementation. Table 10 shows the results of the statistically significant relationships of the market factors**.**

Evidence was found of statistical significant relationships ($p<0.001$ and $p<0.05$) between the independent variables *customers, suppliers, labour market* and the dependent variable *strategy implementation*. These independent variables therefore affect strategy implementation. As can be seen in Table 10, about 58 per cent of the variance in strategic implementation can be explained by the variances in the market factors. There is also evidence that the t-values exceed critical value, that is, $t \geq 3.09$ with $p< 0.001$ significance level.

The independent variable *competitors* had a critical value of 0.511 which is below the 1.96 cut-off point ($P>0.05$), so the hypothesis is rejected. The results suggest that state corporations' managements in Kenya do not believe that competitors can impact strategy implementation. It could be because some state corporations do not have competitors, since they act as an industry regulator while others provide core services to the citizens with no private competitors. As a result, they do not regard awareness of competitors' strategies, offering a unique service to their customers or differentiating their products or services, as required. There is also no need to reflect on best practices of other organisations as they have monopoly in the country.

Table 10 Multiple Regression Results

Dependent variable: Strategy implementation **R^2 = 0.577**				**Hypotheses number**	**Hypotheses**
Independent variables	**Beta**	**T-value**	**Sig. (*p*)**		
Customers	0.602	13.186	0.000*	$H_{2.1a}$	Supported
Suppliers	-0.268	-5.652	0.000*	$H_{2.2b}$	Supported
Competitors	0.019	0.511	0.610	$H_{2.3c}$	Not supported
Labour Market	0.408	9.893	0.000*	$H_{2.4d}$	Supported

* p < 0.001

Conclusions

A fairly strong, statistical significant relationship existed between customers and strategy implementation. This shows that managers in state corporations in Kenya have identified their customers' primary needs and keep up-to-date with changing customer needs. They consult with customers on strategic issues and obtain their feedback on service delivery. They also ensure that there are strategies in place to retain customers. Paarlberg (2007: 202) cautioned organisations that in the rapidly changing and globally competitive environment, their organisational success in terms of strategy implementation is dependent on their ability to continuously collect information about customer needs and wants by creating greater value for customers, and so improve their organisational performance. Morgan and Rego (2006:426) observe that managers often use customer feedback data to set goals, formulate strategies and monitor performance metrics, believed to be leading indicators of future business performance.

A fairly strong, statistical significant relationship existed between suppliers and strategy implementation. There was a perception among the managers that suppliers play a critical role by providing them with essential market information. The managers agreed that they chose suppliers based on quality standards, and preferred a multiple supplier base to a single one. In addition, they consulted with stakeholders prior to selecting a supplier. It seems that the management of state corporations in Kenya believe that a procurement code of conduct is essential for a corporation that strives to retain suppliers who are reliable and who meet their delivery times. Wu and Blackhurst (2009:4595) warned that suppliers can attempt to increase their bargaining power through differentiating their services or by using technology to improve their products or services. There is a threat of product imitation as well as the widespread diffusion of the technology. Thomson *et al.* (2007:234) argue that strong suppliers can have great bargaining power if their products are unique or have a high switching cost.

Labour market showed a fairly strong, statistically significant relationship with strategy implementation. Managers of Kenyan state corporations perceived the state corporations to be unaffected by labour market regulations. They set staff selection criteria according to labour market requirements and allowed the labour market to dictate their recruitment process. The managers further perceived their corporations to be implementing labour market policies effectively. In addition, the managers agreed that their corporations had access to an adequate skilled and experienced labour market. According to Button *et al.* (2006:134) organisations should adhere to labour market policies such as workforce diversity to avoid labour discrimination as it can ultimately have an impact on strategy implementation. Change in the various sectors of the labour market environment can create many challenges for organisations and effective strategy implementation (Daft, 2010:89). Nunez and Livanos (2009:476) find that the rapid expansion of higher education has produced an unprecedented number of highly skilled employees whose employment prospects have become more uncertain, more so because there is a rising mismatch between the demand and the supply of some specific jobs, which creates imbalances in the labour market, ultimately affecting organisational strategy.

Recommendations

It is recommended that Kenyan state corporation managers: obtain client feedback data prior to strategy execution, to ensure they meet their clients' specific demands. Ongoing feedback is also necessary to keep up-to-date with changing client needs. Public opinion is a fundamental requisite for improving government responsiveness by not merely reacting to client demands but by taking the initiative in proposing solutions for previously identified problems; be sensitive towards large key customers' needs. Their bargaining power represents a major force to take into consideration and can negatively affect the success of the State Corporation and implementation of the chosen strategy; put in place a customer retainment strategy to ensure that especially large customers do not move over to private sector competitors and monitor performance of a strategy during the strategy implementation process so that any deviations from the planned process can easily be detected and rectified.

The study further recommends Kenyan state corporations: have a multiple supplier base and consult their stakeholders when selecting suppliers as they can provide valuable information regarding observed quality and on-time delivery of supplies; use the Internet to source reliable suppliers who meet their minimum quality standards. They should also strive to negotiate an affordable price with their suppliers as they can then offer an affordable service to their customers; have a procurement code of conduct in place which specifies quality standards, lead times, payment period and contract period; strive to procure goods in large quantities because they will benefit from quantity discount. This will boost service delivery and indirectly make strategy implementation cheaper in the long run and monitor their suppliers' performance as they may increase their prices or reduce the quality of goods and services, which could affect their own performance and make a misfit of the intended strategy being implemented.

The study further recommends the Kenyan state corporations' managers: strive to fight inequality in the labour market in order to improve economic performance, as it can constrain effective strategy implementation; implement labour market policies effectively and allow the labour market to dictate the recruitment process to follow; select staff according to labour market requirements to provide them with skilled and experienced staff who will understand the business environment's challenges. Their staff selection should not just be driven by local labour market regulations as they need staff with international knowledge and experience to provide them with information about global trends.

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