



**FACTORS AFFECTING THE OUTCOME OF TURNAROUND STRATEGIES
ADOPTED BY UCHUMI SUPERMARKETS IN KENYA**

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Abstract

Turnaround management is the systematic and rapid implementation of a range of measures to correct a seriously unprofitable situation. However, turnaround usually requires dramatic changes that produce significant achievement gains in a short period (within two years), followed by a longer period of sustained improvement. In addition, each turnaround situation has a unique set of preconditions that serve as a barrier to be overcome. Thus, this study sought to establish the factors affecting the outcome of turnaround strategies adopted by Uchumi supermarkets in Kenya. Specifically, the study examined the influence of resource availability, managerial support, competition and conflict of interest on the outcome of turnaround strategies. The study adopted a descriptive research design and targeted the management and administrative staff of Uchumi supermarkets in Nairobi County and sampled 53 respondents using stratified sampling method. The study used questionnaires to collect data, which were administered to the sampled respondents. The collected data was analyzed using multiple linear regression to establish the relationship between the dependent and the independent variables. The study found that there was a significant negative relationship between resources availability, competition and conflict of interest but a negative but insignificant relationship between managerial support and the outcome of turnaround strategies used by Uchumi Supermarkets in Kenya. Thus the study concluded that inadequate resources, stiff competition and high degree of conflicts of interest significantly affect the outcome of turnaround strategies by Uchumi supermarkets in Kenya.

Keywords: Turnaround strategies, Resources availability, Managerial support, Competition, Conflict of Interest, Strategy adoption

INTRODUCTION

1.1 Background of the study

Turnaround strategies are the set of reform strategies that can be used as the recovery of a firm's financial performance, after showing deterioration over a time period (Awwad, 2014). According to Cater and Schwab (2009), turnaround strategies are a set of consequential, direct, long-term decisions and actions targeted at the reversal of a perceived crisis that threatens the firm's survival. The principal aim of any corporate turnaround is to remove the company quickly from any immediate danger of going into liquidation, and to focus on activities and tasks that restore corporate value (CIMA, 2009). The overall goal of turnaround strategy is to return an underperforming or distressed company to normal in terms of acceptable levels of profitability, solvency, liquidity and cash flow. To achieve its objectives, turnaround strategy must reverse the causes of distress, resolve the financial crisis, achieve a rapid improvement in financial performance, regain stakeholder support, and overcome internal constraints and unfavorable industry characteristics (Boyne, 2003).

Uchumi Supermarkets Ltd is a Kenya-based company engaged in the retail supermarkets operation. The supermarket distributes bakery, wines, meat, fish, vegetables, as well as kitchen appliances and decoration, among others (Gichungu, 2012). In early 2000s, Uchumi started to experience financial and operational difficulties occasioned by a sub-optimal expansion strategy coupled with weak internal control systems. As a result, on 31st May 2006, the Board of Directors resolved that the Company ceases its operations and on 2nd June 2006, the Debenture Holders placed the Company under receivership (Uchumi Supermarkets, 2015). The management and staff have since worked tirelessly to redeem the company. Additionally, the lending banks and suppliers in turn lifted the company's receivership in 2010 and the company was successfully re-listed on the Nairobi Securities Exchange on 31st May 2011 (Uchumi Supermarkets, 2015). However, rising competition has seen Uchumi lose its revenue market share (amongst other major supermarkets) from 3rd position to 4th with the percentage easing 170 bps to 12.5% in 2013 (Kestrel Capital, 2014). As such, the initial restructuring of Uchumi has not averted the deteriorating performance of the company (Gichungu, 2012).

1.2 Statement of the Problem

Uchumi Supermarket Ltd is one of the oldest retail stores in Kenya. After incorporation as a public company in 1975, Uchumi spearheaded the hypermarket concept in Kenya with specialty shops within the supermarket floor and emphasized growth away from city center to other towns in Kenya (Kiarie, 2009). However, in 2006 Uchumi Supermarket closed down its operations due to performance related issues (Uchumi Annual Report, 2013). Since 2006 the supermarket has initiated different turnaround strategies among them recapitalization, improved customer service, maximization of sales revenue and business reorganization and restructuring but they did not forestall the company's performance (Kiarie, 2009). Additionally, the supermarket put in place the Uchumi Rescue Plan (URP) whose mandate was derived from a framework agreement with the Government of Kenya and other stakeholders aimed at turning around the business (Uchumi

Annual Report, 2013). However, the supermarket has continuously reported a drop in their annual profits which is an indication of failure of their Uchumi Rescue Plan and the adopted turnaround strategies (Gichungu, 2012). Hence, the need to establish the factors affecting the outcome of turnaround strategies adopted by Uchumi supermarkets in Kenya.

Moreover, several studies have examined the turnaround strategies adopted by various organizations around the world and locally. Globally, Gupta and Sathye (2008) found that enterprise turnaround is often ascribed to managerial leadership and environmental factors. Chen *et al.*, (2014) established that firms with better prior performances and increased use of efficiency-oriented strategies to improve turnaround performance. Locally, Kinyanjui and Ngugi (2014) established that innovativeness, administrative skills, technology adoption are critical factors of turnaround in the banking industry. Ayiecha and Senaji (2014) also established that organizational cultures influences turnaround implementation strategy. However, most of the global and local studies on corporate turnaround have concentrated more on turnaround strategies used to improve the performance of declining organizations, thus leaving out the factors that influence the outcome of the turnaround strategies. As such, very few studies have investigated the factors influencing the outcome of turnaround strategies by retail supermarkets in Kenya hence a gap in literature, which this study intends to seal by examining: what are the factors affecting the outcome of turnaround strategies adopted by Uchumi supermarkets in Kenya?

1.3 Objectives of the Study

The objectives of the study were to;

- i. examine the effect of resources availability on the outcome of turnaround strategies adopted by Uchumi supermarkets in Kenya
- ii. explore the effect of managerial support on the outcome of turnaround strategies adopted by Uchumi supermarkets in Kenya
- iii. establish the effect of competition on the outcome of turnaround strategies adopted by Uchumi supermarkets in Kenya
- iv. determine whether conflict of interest affects the outcome of turnaround strategies adopted by Uchumi supermarkets in Kenya.

LITERATURE REVIEW

2.1 Theoretical Literature Review

This study explored the two-stage turnaround theory, the Four-Stage Theory of Organizational Turnaround and the resource based view to explain the concept of corporate turnaround.

2.2.1 Two-Stage Turnaround Theory

The two-stage theory of turnaround was suggested by Robbins and Pearce (1992) as well as Bibeault (1999). The theory is based on the premises that the turnaround process as consisting of a decline and recovery stage and all proposed models of the turnaround process (Hansen, 2012). According to Robbins and Pearce (1992), a turnaround situation arises when performance criteria are sufficiently depressed to warrant a turnaround response. A turnaround response consists of activities likely to overcome the firm's troubles and return it to match or exceed prior performance. Pearce and Robbins (1993) originally proposed a two-stage model of a turnaround, which highlighted the contingencies related to operating actions (retrenchment) and strategic actions.

2.2.2 Four-Stage Theory of Organizational Turnaround

The four-stage theory was developed by Chowdhury (2002) to understand organizational decline and turnaround based on process approach rather than content approach. The four-stage model possesses a theoretical consistency with process theory and the model elucidates the sequence of events that culminate in a declining firm's failure (or survival) and thus complement the causes and contexts of the event (Sheppard & Chowdhury, 2005). According to Chowdhury (2002) organizational turnaround is composed of a sequence of events that, when combined, describe the occurrence of performance improvement over a particular span of time. The four stage model emphasize that although external forces, such as competitive dynamics of immediate competitors and/or pressure from key stakeholders, greatly influence how the turnaround outcome unfolds the top management is able to control that influence to a large extent (Pandey & Verma, 2005).

2.2.3 Resource Based View

The Resource-Based View of the firm was developed by Barney (1991). The major assumption of the resource based view is that resources are heterogeneously distributed among firms and they are not transferable without costs (Kazozcu, 2011). The resource-based view of the firm provides a useful perspective for explaining firm growth and sustainable competitive advantage. The basic unit of analysis within the resource-based view is resources. A firm's resources are often classified as financial, human, intangible, organizational, physical, and technological and often what makes resources economically valuable is the way in which these resources are deployed and developed (Pettus *et al.*, 2007). In traditional strategy terms, resources are strengths, which the organization can leverage in pursuit of its goals. Resources owned or controlled by the firm are the products of prior organization activities or management decisions to bring together external resources in new activity configurations.

2.3 Research Gaps

A review of existing literature has established that several studies have examined factors influencing turnaround strategies globally and locally in Kenya. For instance, global studies by Francis and Mariola (2005), Rasheed (2002) Maheshwari and Ahlstrom (2004), Haron et al. (2013), Chidhakwa (2012) examined various aspects of corporate decline and turnaround in

various countries and industries. Locally, studies by Simba (2010), Wambui (2014), Mwirigi (2010) also explored turnaround situations in various organizations including the Kenya Meat Commission, the Kenya Planters Cooperative Union, the Kenya Creameries Cooperative and the development bank of Kenya. However, most of the reviewed studies concentrated on the different strategies adopted by the organizations to turnaround the organizations. In addition, most of the studies sample the top management who develop and initiate the turnaround strategies leaving out the middle and bottom level management who are involved in implementing the turnaround strategies thus a gap in literature, which this study intends to examine.

RESEARCH METHODOLOGY

This study adopted a descriptive research design. The study targeted the management and administrative staff of Uchumi supermarkets in Nairobi County and sampled 53 respondents using stratified sampling method. The study used questionnaires which were administered to the sampled respondents who included the supermarket's senior management, middle and bottom level management, department heads and supervisors. To establish the instrument's reliability the Cronbach Alpha Coefficient was used. The study yielded a Cronbach alpha of 0.721 which was considered adequate. The collected data was analyzed using multiple linear regression which was used to draw inferences by establishing the relationship between the dependent and the independent variables. The regression equation took the following form

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where;

Y = Outcome of turnaround strategies

X_1 = Resources availability

X_2 = Managerial

X_3 = Competition

X_4 = Stakeholders support

β_0 = Constant

β_1 - β_4 = Regression Coefficients

ε = error

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The study sampled 53 respondents however only 41 respondents returned their questionnaires fully respondent to hence a response rate of 77.4% which was adequate for the study since more than 50% of the respondents returned their questionnaires.

4.2 Resources Availability

Most Important Resources

This part aimed at establishing the most important resources in organization turnaround management. The results are shown by table 1.

Table 1: Most Important Resources

| | Frequency | Percent |
|---------------------|------------------|----------------|
| Financial resources | 12 | 29.3 |
| Physical resources | 11 | 26.8 |
| Human resources | 4 | 9.8 |
| All of the above | 14 | 34.1 |
| Total | 41 | 100.0 |

Table 1 shows that 34.1% of the respondents indicated that all resources including financial, technological, and physical and human resources were important for turnaround. On the other hand, 29.3% indicated that 29.3%, 26.8% and 9.8% indicated that financial resources, physical resources and human resources were the most important in that order. This finding indicates that a portfolio of resources is vital for a successful turnaround in an organization.

Effective Utilization of Resources

This question sought to establish whether Uchumi supermarkets used the resources effectively toward turnaround management. Table 2 shows the results

Table 2 Effective Utilization of Resources

| | Frequency | Percent |
|-------|------------------|----------------|
| Yes | 20 | 48.8 |
| No | 21 | 51.2 |
| Total | 41 | 100.0 |

The results on table 2 show that 51.2% of the respondents indicated that the supermarket did not effectively utilize its resources towards effective turnaround management while 20% indicated that the organization effectively utilized its resources. This finding indicates that the organization does not effectively utilize their resources towards effective turnaround management.

Influence of Resources Availability

This part sought to evaluate several statements on resource availability to establish whether the availability of adequate resources influenced the turnaround management. The results on table 3 below show that the existence of key sustainable resources in a firm is important towards successful turnaround had a mean value is 1.61 which corresponds to the scale value of 2 hence an indication that the respondents agreed. The respondents also agreed that effective and innovative utilization of these resources ensure successful turnaround recovery strategies and limited slack resources affects the outcomes of a turnaround strategy. Additionally, majority of the respondents agreed that without adequate resources, the turnaround implementation process would not proceed as planned and turnaround requires the reallocation of resources in the most efficient way.

Table 3 Influence of Service Quality

| Statement (n=41) | 1 | 2 | 3 | 4 | 5 | Mean |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| | F(%) | F(%) | F(%) | F(%) | F(%) | |
| Existence of key sustainable resources in a firm constitutes an important factor in the success of turnaround | 16(39.0) | 25(61.0) | 0 | 0 | 0 | 1.61 |
| Effective and innovative utilization of these resources ensure successful turnaround recovery strategies | 14(34.1) | 25(63.4) | 1(2.4) | 0 | 0 | 1.68 |
| Extremely limited slack resources greatly affects the outcomes of a turnaround strategy | 17(41.5) | 21(51.2) | 3(7.3) | 0 | 0 | 1.66 |
| Without adequate resources, the turnaround implementation process would not proceed as planned | 14(34.1) | 22(53.7) | 5(12.2) | 0 | 0 | 1.78 |
| Turnaround requires the reallocation of resources in the most efficient way | 8(19.5) | 24(58.5) | 9(22.0) | 0 | 0 | 2.02 |

4.3 Managerial Support

This sought to examine the effect of management support on turnaround management. The results were as follows.

Requisite Managerial Skills

This sought to find out the required managerial skills for a successful turnaround. Table 4 shows that 24.4% indicated that innovation and creativity was the most important skill whereas 22% indicated that leadership and motivation skills were also important. Additionally, 19.5 and 17.1% of the respondents indicated that organizational and coordination skills, communication skills and technical skills were also important. This finding indicates that a combination of several managerial skills was important towards effective turnaround management. Table 4.7 shows the results for the study.

Table 4 Requisite Managerial Skills

| | Frequency | Percent |
|--|------------------|----------------|
| Leadership and motivation skills | 9 | 22.0 |
| Technical skills | 7 | 17.1 |
| Innovative and creative | 10 | 24.4 |
| Organizational skills and coordination | 8 | 19.5 |
| Communication skills | 7 | 17.1 |
| Total | 41 | 100.0 |

Managerial Support Effectiveness

This sought to establish the effectiveness of the organization managerial support towards turnaround management. Table 5 shows the findings

Table 5 Managerial Support Effectiveness

| | Frequency | Percent |
|----------------|------------------|----------------|
| Very effective | 5 | 12.2 |
| Effective | 21 | 51.2 |
| Less effective | 15 | 36.6 |
| Total | 41 | 100.0 |

The findings on table 5 indicate that 51.2% rated their management support as effective whereas 36.6% and 12.2% indicated that that their management's support was less and very effective respectively. On average, the finding indicates that the organization management was effective.

Influence of Managerial Support

This part sought to evaluate several statements on managerial support to establish whether managerial support influences turnaround management. The results on the influence of managerial support are shown by table 6.

Table 6 Influence of Managerial Support

| Statement (n=41) | 1 F(%) | 2 F(%) | 3 F(%) | 4 F(%) | 5 F(%) | Mean |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Turnaround management usually requires top management support in all administrative areas | 16(39.0) | 22(53.7) | 3(7.3) | 0 | 0 | 1.68 |
| Managerial and leadership support and trust influences the firm's action choices and turnaround process | 12(29.3) | 25(61.0) | 4(9.8) | 0 | 0 | 1.80 |
| The credibility of the firm's leadership and top management plays a key role in corporate turnaround | 16(39.0) | 23(56.1) | 2(4.9) | 0 | 0 | 1.66 |
| Turnaround requires the leadership of a competent management team, trust and support of the firm's employees | 25(61.0) | 16(39.0) | 0 | 0 | 0 | 1.39 |
| Firms in turnaround tend to be over | 13(31.7) | 14(34.1) | 6(14.6) | 8(19.5) | 0 | 2.22 |

managed and under led and have a shortage of leaders

The findings on table 6 shows that most of the respondents agreed that turnaround management usually requires top management support in all administrative areas as shown by the mean value of 1.68 which corresponds to the scale value of 2. The results also shows that the respondents agreed that managerial and leadership support and trust influences the firm's action choices and turnaround process and the credibility of the firm's leadership and top management plays a key role in corporate turnaround. Additionally, the results showed that the respondents strongly agreed that turnaround requires the leadership of a competent management team, trust and support of the firm's employees as indicated by the mean value of 1.39 which corresponds to the scale value of 1. Finally, the results indicates that the respondents slightly agreed that firms in turnaround tend to be over managed and under led and have a shortage of leaders.

4.4 Competition

This sought to identify the influence of competition on turnaround management. The results were as follows.

4.7 Intensity of Competition

This part sought to establish the intensity of competition within the retails sector in Kenya. Figure 1 shows the obtained results

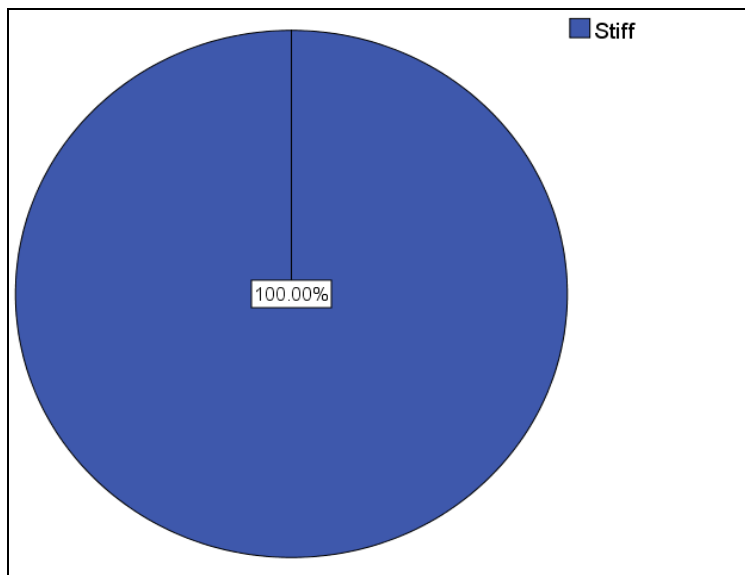


Figure 1 Intensity of Competition

The results on figure 1 all the respondents indicated that the intensity of competition among supermarkets in Kenya was stiff. This finding indicates that there is very high competition within the retails sector in Kenya.

Major Competitors

This sought to establish the major competitors of Uchumi supermarkets in Kenya. Table 4.10 shows the study results.

Table 7 Major Competitors

| | Frequency | Percent |
|-----------------|-----------|---------|
| Local retailers | 25 | 61.0 |
| Wholesalers | 16 | 39.0 |
| Total | 41 | 100.0 |

Table 7 indicates that the major competitors of Uchumi supermarkets are local retailers mostly other supermarkets and wholesalers in Kenya.

Influence of Competition

Table 8 shows the results on the influence of competition on turnaround management

Table 8 Influence of Competition

| Statement (n=41) | 1 F(%) | 2 F(%) | 3 F(%) | 4 F(%) | 5 F(%) | Mean |
|---|-----------|-----------|-----------|-----------|-----------|------|
| Competitor actions can prevent or delay any turnaround strategy | 13(31.7) | 17(41.5) | 7(17.1) | 4(9.8) | 0 | 2.05 |
| Competition shapes the turnaround process since competitors may have taken the company's market share during its decline. | 9(22.0) | 26(63.4) | 6(14.6) | 0 | 0 | 2.07 |
| Striving to turnaround attracts intense competition from different quarters | 7(17.1) | 19(46.3) | 7(17.1) | 8(19.5) | 0 | 2.39 |
| Innovations achieved by competitors during decline affects an organization's turnaround | 14(34.1) | 22(53.7) | 5(12.2) | 0 | 0 | 1.78 |
| The intensity of competition and new market entries slows down an organizations turnaround | 13(31.7) | 24(58.5) | 4(9.8) | 0 | 0 | 1.88 |

The findings on table 8 indicates that most of the respondents agreed that competitor actions can prevent or delay any turnaround strategy as shown by a mean value of 2.05 which corresponds to the scale value of 2. The respondents also agreed that competition shapes the turnaround process since competitors may have taken the company's market share during its decline and striving to turnaround attracts intense competition from different quarters. The respondents further agreed that innovations achieved by competitors during decline affects an organization's turnaround and that the intensity of competition and new market entries slows down an organizations turnaround.

4.5 Conflict of Interest

This sought to how conflict of interest influences turnaround management. The results were as follows.

Major Stakeholders

This part sought to major parties in the organization dealt with. The results are shown in table 9.

Table 9 Major Stakeholders

| | Frequency | Percent |
|------------------|-----------|---------|
| Suppliers | 8 | 19.5 |
| Customers | 7 | 17.1 |
| All of the above | 26 | 63.4 |
| Total | 41 | 100.0 |

The findings on table 9 shows 63.4% of the respondents indicated that the organization dealt with several parties among the suppliers, customers, financial institutions, government, shareholders, insurance firms and also marketing entities. On the other hand, 19.5% and 17.1% of the respondent indicated that the organization mostly deals with supplier and customers respectively.

Involvement of Key Stakeholders

This sought to establish whether the organization involves various parties in when developing turnaround management strategies. Figure 2 shows the results.

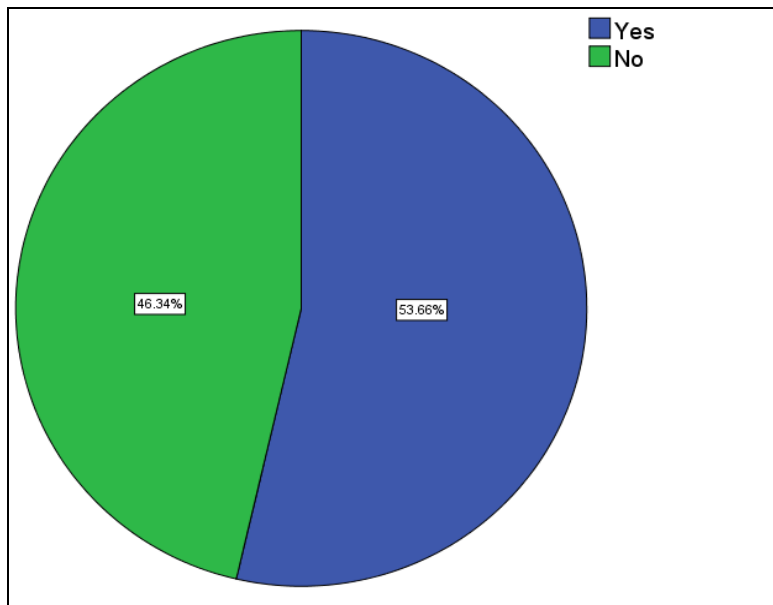


Figure 2 Involvement of Key Stakeholders

Figure 2 indicates that 53.66% of the respondents agreed that the organization involves various parties when developing their turnaround strategies while 46.34% indicated that the organization

did not involve various stakeholders. This finding indicates that the organization partly involves its stakeholders when developing turnaround management strategies.

Conflict of Interest Effects

This part sought to evaluate several statements on conflict of interest to establish whether conflict of interest influences turnaround management. The results are shown by table 10.

Table 10 Conflict of Interest Influence

| Statement (n=41) | 1 F(%) | 2 F(%) | 3 F(%) | 4 F(%) | 5 F(%) | Mean |
|---|-----------|-----------|-----------|-----------|-----------|------|
| Stakeholders interests directly impacts turnaround strategies adopted by an organization | 16(39.0) | 25(61.0) | 0 | 0 | 0 | 1.61 |
| Management's expectations and interests also challenge turnaround strategy implementation | 11(26.8) | 26(63.4) | 4(9.8) | 0 | 0 | 1.83 |
| Reviewing the firm's conflicts of interest helps to achieve stabilization, which is necessary for turnaround management | 10(24.4) | 20(48.8) | 4(9.8) | 7(17.1) | 0 | 2.20 |
| Conflict of interest among various stakeholders greatly influences the outcome of turnaround. | 9(22.0) | 22(53.7) | 4(9.8) | 6(14.6) | 0 | 2.17 |
| Inadequate communication with various parties enhances conflict of interest hence affecting turnaround implementation | 11(26.8) | 24(58.5) | 0 | 6(14.6) | 0 | 2.02 |

The results on table 10 indicates that the respondents agreed that stakeholders interests directly impacts turnaround strategies adopted by an organization as shown by the mean value of 1.61 which corresponds to the scale value of 2. The respondents also agreed that management's expectations and interests also challenge turnaround strategy implementation and that reviewing the firm's conflicts of interest helps to achieve stabilization, which is necessary for turnaround management. Further, the respondents agreed that conflict of interest among various stakeholders greatly influences the outcome of turnaround and that inadequate communication with various parties enhances conflict of interest hence affecting turnaround implementation.

Outcome of Turnaround Strategies

This part sought to evaluate several areas of performance to establish the outcome of turnaround strategies. The results are shown by table below

Table 11 Outcome of Turnaround Strategies

| Statement (n=41) | 1 F(%) | 2 F(%) | 3 F(%) | 4 F(%) | 5 F(%) | Mean |
|--------------------|---------|----------|----------|--------|--------|------|
| Increased revenues | 8(19.5) | 23(56.1) | 10(24.4) | 0 | 0 | 2.05 |

| | | | | | | |
|---------------------------|----------|----------|----------|---------|---|------|
| Quality improvement | 0 | 22(53.7) | 13(31.7) | 6(14.6) | 0 | 2.61 |
| Increased market share | 7(17.1) | 24(58.5) | 10(24.4) | 0 | 0 | 2.07 |
| High sales volume | 12(29.3) | 24(58.5) | 5(12.2) | 0 | 0 | 1.83 |
| Improved service delivery | 0 | 23(56.1) | 12(29.3) | 6(14.6) | 0 | 2.59 |

The results on table 11 show that there was minimal increase in revenues, quality improvements, increase in market share and high sales volume as shown by mean values of 2.05, 2.61, 2.04 and 1.83 which correspond to the scale value of 2. The results also show that there was moderate improvement in service delivery as shown by the mean value of 2.59 which corresponds to the scales value of 2. This means that the outcome of turnaround strategies adopted by Uchumi supermarkets had a minimal effect on it performance.

4.6 Regression Analysis

Regression analysis was used to establish the relationship between the dependent and the independent variables. The regression analysis results comprised of the model summary, Analysis of Variance (ANOVA) and the summary of regression coefficients.

Model Summary

Table 12: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .633 ^a | .401 | .334 | 3.25642 |

a. Predictors: (Constant), Conflict of interest, Resources availability, Managerial support, Competition

The model summary results on table 13 shows that the R square value (coefficient of determination) is 0.401 which indicates that 40.1% of the variation of the dependent variable is explained by the independent variables while 59.9% is explained by other factors

Analysis of Variance (ANOVA)

Table 13: Analysis of Variance

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|-------|-------------------|
| 1 | Regression | 255.457 | 4 | 63.864 | 6.023 | .001 ^b |
| | Residual | 381.753 | 36 | 10.604 | | |
| | Total | 637.210 | 40 | | | |

a. Dependent Variable: Outcome of turnaround strategies

b. Predictors: (Constant), Conflict of interest, Resources availability, Managerial support, Competition

The ANOVA results on table 14 show that the F value is 6.023 and the significance value is $0.001 < 0.005$ which indicates that the model is significant a good predictor of the factors affecting the outcome of turnaround strategies used by Uchumi supermarkets in Kenya.

Regression Coefficients

Table 14 Regression Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|--------------------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 9.701 | 1.194 | | 8.123 | .000 |
| 1 Resources availability | -.090 | .037 | -.320 | -2.451 | .019 |
| Managerial support | -.016 | .050 | -.043 | -.321 | .750 |
| Competition | -.490 | .132 | -.507 | -3.703 | .001 |
| Conflict of interest | -.462 | .142 | -.461 | -3.254 | .002 |

a. Dependent Variable: Outcome of turnaround strategies

The results on table 14 shows that there is a significant negative relationship between resources availability, competition and conflict of interest while there is a negative but insignificant relationship between managerial support and the outcome of turnaround strategies used by Uchumi Supermarkets in Kenya. This indicates that unavailability of adequate resources, stiff competition and high degree of conflict of interest significantly and negatively affects the outcome of turnaround strategies by Uchumi supermarkets in Kenya.

SUMMARY OF FINDINGS

The findings on the effects of resources availability on the outcome of turnaround strategies adopted by Uchumi supermarkets revealed that there was a significant negative relationship between resources availability and the outcome of turnaround strategies. These findings are similar to that of Simba (2010) who found that the main challenges faced in the implementation of turnaround strategy at the Kenya Meat Commission in Kenya were frequent breakdowns of the machinery, cash flow problems and limited funds to undertake adequate marketing. The findings on the effect of managerial support on the outcome of turnaround strategies adopted by Uchumi supermarkets revealed an insignificant negative relationship between managerial support and the outcome of turnaround strategies.

The results on the effect of competition on the outcome of turnaround strategies adopted by Uchumi supermarkets established that there was a significant negative relationship between competition and the outcome of turnaround strategies. Similar findings were established by Mwirigi (2010) who found that competition and human resource training and sensitization as the two most important factors in relation to their contribution to success of turnaround strategies. Finally, the findings on whether conflict of interest affects the outcome of turnaround strategies

adopted by Uchumi supermarkets established that there was a significant negative relationship between conflict of interest and the outcome of turnaround strategies. Similar findings were established by Kiarie (2009) who found that unplanned expansion projects, conflict of interest among the board members and corruption affected turnaround implementation.

CONCLUSION

The study found that there was a significant negative relationship between resources availability, competition and conflict of interest but a negative but insignificant relationship between managerial support and the outcome of turnaround strategies used by Uchumi Supermarkets in Kenya. Thus the study concludes that inadequate resources, stiff competition and high degree of conflicts of interest significantly affect the outcome of turnaround strategies by Uchumi supermarkets in Kenya. The study also concludes that managerial support is also vital for the success of a turnaround strategy but in the presence of adequate resources, low levels of conflicts of interest and effective competitive strategies.

Recommendations

Based on the finding that there is a significant relationship between resources availability and the outcome of turnaround strategies, this leads to the recommendation that the management of Uchumi supermarket should ensure that they acquire a portfolio of resources to ensure the success of their turnaround strategies. Such resources may include financial resources, technological resources, physical resources and the human resources. The study also found a significant relationship between competition and the outcome of turnaround strategies. Thus, this study recommends that the management of Uchumi supermarkets should adopt effective competitive like customer focus, differentiation and effective resources allocation to marketing to ensure that they beat the stiff competition in the retail industry in Kenya.

The study also found a significant relationship between conflicts of interest and the outcome of turnaround strategies. This leads to the recommendation that the management of Uchumi Supermarkets should involve and seek the support of the various parties who are involved in running the organization to address conflict of interest concerns. Finally, the study recommends that in addition to managerial support, the management and leadership of Uchumi supermarkets in Kenya should strive to motivate and their employees on the need to turn around the organization and to ensure that they link their personal goals to those of the organization.

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