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# RISK FACTORS AFFECTING IMPLEMENTATION OF STRATEGIC PLANS IN SUPERMARKETS IN NYERI COUNTY, KENYA

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***Abstract*****:** *Strategic planning is a management tool designed to help an organization to improve on its performance by ensuring that its employees and stakeholders are working towards common goals and by continuously adjusting organizational direction to the changing environment on the basis of the results obtained. Supermarkets are faced with a myriad of risks that pose threats to their businesses. Supermarkets have developed formal strategic plans aimed at improving their strategic performance.*

***Methodology:*** *The study adopted a descriptive research design. The study's population was drawn from the 37 supermarkets operating in Nyeri County with a total of 1,079 employees. Stratified random sampling was used to select 111 respondents comprising of 37 top management, 37 middle-level managers and 37 line supervisors.*

***Findings****: The study established that: resource risk, operational risk, competitive risk and supply risk explained 72.7% of variations in implementation of strategic plans in supermarkets; each risk variable correlated positively with all other risk variables with the highest correlation existing between resource risk and operational risk (0.771); positive correlation existed between all risk variables and strategy implementation with the highest correlation existing between resource risk and strategy implementation (0.735); resource risk, operational risk, competitive risk and supply risk at 0.05 significant level significantly predict implementation of strategic plans; resource risk factors with p=0.000 at 0.05 significant level with t-value of 4.820 were the most statistically significant factors affecting strategy implementation in supermarkets.*

***Keywords***: *strategy implementation, strategic planning, operational risk, supply risk, competitive risk*

## 1. An Overview of the Retail Industry and Supermarkets

Supermarkets offer a wide range of grocery retail products at relatively cheaper prices given the economies of scale and global sourcing strategies, compared to local, independent retailers in many countries. Over and above this, supermarkets have extended their offering to include a suite of financial and cellular products and services, as well as serving as payment and purchase points for utilities, amongst a range of other diverse services. Supermarkets therefore offer consumers the supplementary service of arranging a wide assortment of products selling concurrently in a convenient setting and location with a focus on quality, service, "one-stop" shopping, and an overall shopping experience (Weatherspoon & Reardon, 2003).

Globally, the retail business has undergone enormous transition and transformation and has gained remarkable growth. Reardon *et al*., (2004) assert that there has been a meteoric rise of supermarkets in Latin America in the past decade whereas in Central and Eastern Europe, rapid retail transformation started in countries such as Poland, Hungary and the Czech Republic and is rapidly spreading East and South of Europe. The supermarket revolution has been occasioned by incentives and capacities of customers, urbanization, reduction in effective food prices for consumers by supermarkets, increase in per capita income, growing access to refrigerators, cars and bus transport by customers. The supermarket diffusion in developing countries was driven very substantially by an avalanche of European and US retail investment driven by FDI liberalization in the 1990s and 2000s (Reardon *et al*., 2004).

According to the Deloit Report (2016), "Global Powers of Retailing", in the retail sector, competitive threat to stores comes from convenience and online retailing, the challenge of cyber security and the difficulty in deciphering tastes and price sensitivities of an increasingly fragmented consumer market. The impact on retailers of economic strength and weakness, inflation and deflation, currency and asset price movements influences the success of the retail sector. Deloit Report (2016) asserts that retail revenue for the top 250 Global Powers of Retailing was about US$ 4.5 trillion in 2014, with retail sales being generally driven by people's ability (disposable income) and willingness (consumer confidence) to buy. Wal-Mart Stores had the highest sales revenue of approximately US$ 485.7 billion. The composite compound annual growth rate in retail revenue between financial years 2009 – 2014 was 4.9%.

According to Savills Investment Management Report "Time for UK supermarkets to be super again (August, 2017)", retail sales values for food stores have been rising since 2016 after reaching a record low in 2015. Of the big four UK operators namely: Tesco; Sainsbury's; Morrisons and Asda; only Tesco remained the fastest growing due to strong online sales (click – and – collect) services and same day delivery services. The big four UK operators are reconfiguring their stores based on consumer demand for flexible and convenient shopping. They are also developing strategies for subdivision, sub-letting or joint ventures with other retailers.

Regionally, the rise of supermarkets in Africa is on the increase. Weatherspoon and Reardon (2003) assert that supermarkets have spread fast in Southern and Eastern Africa, already proliferating beyond big class big city markets into smaller towns and poorer areas. The rapid rise of supermarkets in Africa is made possible by urbanization, increased per capita income and the rise of the middle-class orchestrated by a diffusion and extension of supermarkets away from mere luxury high-end niches to being mass market merchandisers. Reena and Shingie (2015) attribute rapid growth in the number and spread of supermarkets in Africa to increased intra-regional investments, which is a part of foreign direct investment (FDI) and follows trade and financial liberalization in many developing countries in the 1990s/early 2000s.

Shoprite Holdings limited, the largest retailer in Africa has a large network of 1,581 corporate stores across Africa and almost 40 franchise stores in 14 African countries (Reena & Shingie, 2015). Shoprite Holdings has an Audit and Risk Committee which oversees all aspects of sustainability governance, identifies and analyzes all material risks on an on-going basis, and develops action plans to address each of the issues identified (Shoprite, 2012).

## 2. Supermarkets in Kenya

In Kenya, new entrants into the supermarket business are on the increase which has caused stiff competition in the sector with each retail store trying to get a share of the market. Mwangi (2017) asserts that an increase in middle-income earners has led to a growth in the retail sector with majority of supermarkets in Kenya not only opening new branches in Kenyan cities and towns but also seeking for new markets within the East African market. Shisia *et al.,* (2014) as cited in Mwangi (2017) assert that affluent customers have compelled supermarkets to up their game in terms of elegance and comfort shopping experience with a view to winning customer loyalty and gaining a competitive edge over their rivals. Shisia *et al.,* (2014) as cited in Mwangi (2017) assert that of the four major supermarkets in Kenya, only Nakumatt and Magunas have exerted their presence in Tanzania through Foreign Direct Investment (FDI). Magunas had two outlets in Dar-es-Salaam but closed the regional branches due to financial constraints.

Nyeri County has 37 supermarkets and a population density of 693,558 as per the 2009 population census (Kenya National Bureau of Statistics, 2013). Supermarkets in Nyeri County compete amongst each other and other players in the retail industry to win customers' loyalty, to have a larger market share in the retail sector and increased profitability by responding to the ever changing customer tastes and preferences through application of competitive strategies (Afande, 2015). These competitive strategies employed by supermarkets include pricing and cost reduction strategies, improved customer service and expansion of service (Afande, 2015).

## 3. Statement of the Problem

Supermarkets present an astonishingly large slice of the global retail sector. As supermarkets expand their services and deploy different strategies to remain competitive and attract customers, supermarkets face a wider array of risks which has compelled supermarkets to develop result oriented strategic plans to guide them in their operations. Supermarkets in Nyeri County are faced with a myriad of risks that pose threats to their businesses. For supermarkets to actualize their strategies in a turbulent business environment characterized by risks and uncertainties, they need to successfully exploit and protect present opportunities and explore future innovations, all the while managing risk. This requires supermarkets to develop risk-conscious strategic plans to mitigate exposure to risk and enhance the safety of their businesses. Several factors affect how strategic plans are synthesized into action (Jebukosia, 2013). Risk factors encountered by supermarkets during strategy implementation impact negatively on their desired strategies thereby skewing the outcomes of strategy implementation which causes a dilemma on the rationale for strategic planning and the implementation process.

## 4. General Objective

The general objective of the study was to examine risk factors affecting implementation of strategic plans in supermarkets in Nyeri County. The specific objectives were;

1) To examine the effect of resource risk on the implementation of strategic plans in supermarkets in Nyeri County.
2) To examine the effect of operational risk on the implementation of strategic plans in supermarkets in Nyeri County.
3) To examine the effect of competitive risk on the implementation of strategic plans in supermarkets in Nyeri County.
4) To examine the effect of supply risk on the implementation of strategic plans in supermarkets in Nyeri County.

## 5. Assumptions of the Study

The study assumed that the supermarkets under study had developed strategic plans and were therefore fit to be used in the study; that all the study respondents would show total cooperation by providing necessary information to enable the researcher to draw valid conclusions from the findings; that all the study respondents were aware of the content of the strategic plans of their supermarkets, and; that the sample to be taken will be representative of the study population.

## 6. Research Gap

This study was informed by studies done by Kariuki (2011) on challenges and survival strategies of supermarkets in Nairobi, Kenya; Mwangi (2017) on an analysis of factors affecting implementation of turnaround strategy: A Case of Uchumi Supermarkets; Mutegi (2013) on competitive strategies adopted by supermarkets in Nairobi, Kenya; Kibachia (2014) on a survey of risk factors in the strategic planning process of parastatals in Kenya; Mecheo (2014) on the effects of risk management components on strategic implementation by commercial banks in Kisii town, Kenya; Maiche (2016) on factors affecting implementation of strategic plans in Co-operative Societies in Turkana County, and; Gacheri (2010) on strategic responses by Tuskys supermarket to changing competitive environment. The studies by Kibachia (2014), Mecheo (2014) and Maiche (2016) addressed the effect of risk in strategy implementation but, these studies focused on parastatals, commercial banks and co-operative societies respectively, a different business environment from that of supermarkets. The studies by Gacheri (2010), Kariuki (2011), Mutegi (2013), and, Mwangi (2017) though done on supermarkets, failed to address the effect of risk on implementation of strategic plans in supermarkets thereby leaving a gap to be pursued by other scholars. Furthermore, to this researcher's knowledge, no known studies have been done specifically on risk factors affecting implementation of strategic plans in supermarkets in Nyeri town. This study seeks to bridge this gap by addressing risk factors affecting implementation of strategic plans in supermarkets in Nyeri County.

## 7. Research Design

This study adopted a descriptive survey as its research design. Descriptive research studies: seek to obtain pertinent and precise information concerning the current status of the phenomena aimed at drawing varied conclusions from the facts discovered (Mugenda and Mugenda, 2003). The population for this study comprised of all the 37 supermarkets operating in Nyeri County. The study targeted the top management, middle-level managers and line supervisors in all the 37 supermarkets operating in Nyeri County since they were the ones involved in the implementation of strategic plans. This study used questionnaires since questionnaires allow respondents to give anonymous feedbacks.

## 8. Research Findings

### Age of the Supermarket

The respondents were requested to indicate the duration of the supermarket's existence with a view to enabling the study to determine the influence that the duration would have on strategy implementation.

The duration of the supermarket was as indicated in table 1 next page.

**Table 1 Age of the Supermarket**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1-3 years | 18 | 22.8 | 22.8 | 22.8 |
| | 4-6 years | 23 | 29.1 | 29.1 | 51.9 |
| | 7-9 years | 29 | 36.7 | 36.7 | 88.6 |
| | 10 years and above | 9 | 11.4 | 11.4 | 100.0 |
| | **Total** | **79** | **100.0** | **100.0** | |

The findings in Table 1 indicate that majority (36.7%) of the supermarkets had operated in Nyeri County for a period between 7-9 years; 4-6 years (29.1%); 1-3 years (22.8%) and a minority (11.4%) of the supermarkets had operated in Nyeri County for more than 10 years. The study established that majority of the supermarkets had operated for more than 5 years and therefore they had knowledge of factors affecting implementation of their strategies.

**Whether supermarkets had strategic plans**

The researcher sought to determine whether the supermarkets under study had strategic plans. The findings are as indicated in Table 2.

**Table 2 Strategic Plans in Supermarkets**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Yes | 79 | 100.0 | 100.0 | 100.0 |

The findings in Table 2 indicate that all the supermarkets studied had strategic plans. This shows that the study was able to collect the information needed on risk factors affecting implementation of strategic plans in supermarkets in Nyeri County.

The researcher first sought to determine whether resource risk influences implementation of strategic plans. The findings are as indicated in Fig 1.

**Influence of Resource Risk on implementation of strategic plans in supermarkets**

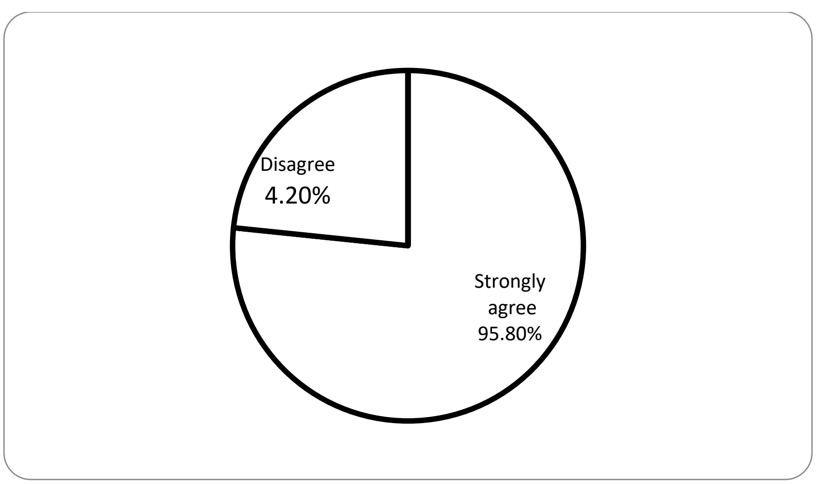


**Figure 1 Influence of resource risk on implementation of strategic plans in supermarkets**

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The findings in Figure 1 indicate that majority (95.8%) of the respondents agreed that resource risk influences implementation of strategic plans to a very great extent.

The researcher further required the respondents to indicate the extent to which they agreed with resource risk factors on implementation of strategic plans in supermarkets. The findings are as indicated in table 3.

**Table 3 Resource risk factors and their influence on implementation of strategic plans in supermarkets**

| **Resource Risk Factors** | **Mean** | **Std. Deviation** |
|---|---|---|
| Lower-level managers are involved in the formulation and implementation of the supermarket's strategic plans | 3.9533 | 1.1963 |
| Incentives and rewards are aligned with organizational strategies | 3.8562 | 1.2866 |
| Organizational competences are correctly aligned with organizational strategies | 3.3535 | 1.1124 |
| There is adequate talented pool of managers and staff with requisite skills necessary to implement the strategies of the supermarket | 3.2500 | 1.0928 |
| The supermarket's level of technology supports implementation of its strategic plans | 3.2442 | 1.2918 |
| Adequate funds are allocated to implement the supermarket's strategic plans | 3.2125 | 1.0264 |
| Personnel changes in the supermarket at executive level leads to gaps in the implementation of strategic plans | 2.9513 | 1.1242 |
| Top management continuously develops competencies and skills of staff | 2.5833 | .8626 |

Table 3 presents the findings on the influence of resource risk on implementation of strategic plans using a 5 point Likert scale with 1 point representing factors with the least influence while 5 points represent factors with the highest score. Responses on involvement of lower-level managers in the formulation and implementation of strategic plans had the highest mean (3.9533), whereas responses on top management's continuous development of staff's competencies and skills had the lowest mean (2.5833) and the least standard deviation (0.8626); alignment of incentives and rewards with organizational strategies had a mean of (3.8562); alignment of organizational competences with organizational strategies (3.3535); supermarket having adequate talented pull of managers and staff (3.2500); supermarket's level of technology's support to implementation of its strategic plans (3.2442), adequate allocation of funds (3.2125), and; gaps in implementation of strategic plans due to personnel changes at executive level (2.9513).

The findings indicate that majority of the supermarkets in Nyeri County had inadequate talented pool of managers and staff with requisite skills necessary to implement organizational strategies and that majority of the supermarkets in Nyeri County had not fostered staff training programmes. Burma (2014) argues that when opportunities for growth and enhancement of skills are available, people will be stimulated to give their best, leading to greater job satisfaction and organizational effectiveness. Organizational growth depends on how its talent is nurtured. The findings also indicate that the level of technology in majority of the supermarkets in Nyeri County was not adequate. Johnson et al**.,** (2008) argue that for a firm to achieve strategic success, it must align its business and technological strategies. Voss (2005) argues that adequate information tools must be available to allow strategic decision makers to monitor progress toward strategic goals and objectives, track actual performance, pinpoint accountability, and most importantly, provide an early warning of any need to adjust or reformulate strategy. The findings also indicate that the level of funding of strategies in majority of the supermarkets in Nyeri County was not adequate. Hewlett (1999) as cited in Kibachia (2014) asserts that most strategic plans are hurdled by financial constraints during implementation. Heller and Aghvelli (2005) as cited in Kibachia (2014) contend that although most firms allocate resources to projects based on cost budget, the risk is that there is a tendency for most firms to not properly estimate the true costs of implementing strategic plans.

**Influence of Operational Risk on implementation of strategic plans in supermarkets**

The researcher first sought to determine whether operational risk influences implementation of strategic plans. The findings are as indicated in Fig 2.

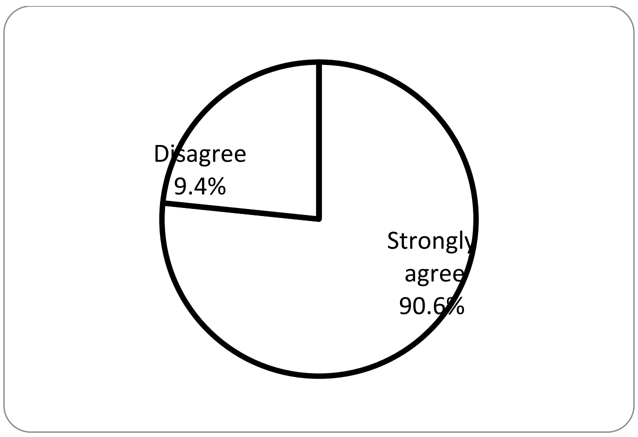



**Figure 2 Influence of Operational Risk on implementation of strategic plans in supermarkets**

The findings indicate that majority (90.6%) of the respondents agreed that resource risk influences implementation of strategic plans to a very great extent.

The researcher further required the respondents to indicate the extent to which they agreed with operational risk factors on implementation of strategic plans in supermarkets. The findings are as indicated in table 4.

**Table 4 Operational Risk factors and their influence on implementation of strategic plans in supermarkets**

| **Operational Risk Factors** | **Mean** | **Std. Deviation** |
|---|---|---|
| Changes by leadership are effected to suit a new or revised strategy | 3.7524 | .9724 |
| The supermarket has streamlined its operations to meet the demands of today's marketplace | 3.6513 | 1.0246 |
| Top management carries out staff training on new strategies | 3.5833 | 1.1333 |
| The supermarket generates adequate revenues for its operations | 3.3125 | 1. 1434 |
| Procedures and processes used by the supermarket support strategy implementation | 3.2333 | 1.2478 |
| The supermarket has alternative information technology facilities for use in case of a major systems failure | 2.9831 | 1.2918 |
| Organizational policies are aligned with operational implementation risks | 2.9442 | 1.0148 |

Table 4 presents the findings on the influence of operational risk on implementation of strategic plans using a 5 point Likert scale with 1 point representing factors with the least influence while 5 points represent factors with the highest score. Responses on effecting of changes by leadership to suit a new or revised strategy had the highest mean (3.7524) and the least standard deviation (0.9724) whereas responses on alignment of organizational policies with operational implementation risks had the lowest mean (2.9442); alignment of supermarket's operations to meet the demands of today's marketplace (3.6513); carrying out staff training on new strategies by top management (3.5833); generation of adequate revenues for operations by the supermarket (3.3125); supermarket's procedures and processes support strategy implementation (3.2333), and; availability of alternative information technology facilities for use in case of a major systems failure (2.9442).

The findings indicate that majority of the supermarkets in Nyeri County had not aligned their organizational policies with operational implementation risks. Joanna Radomska (2014) asserts that a poorly implemented policy that does not fully consider and track operational implementation risks may result in failure to achieve the end goal. However, risk managers must understand the risk profile and dependencies of risks across the whole risk spectrum to ensure its success. The findings also indicate that majority of the supermarkets in Nyeri County lacked alternative information technology facilities for use in case of a major systems failure. Weller (2008) asserts that a key distinction when defining different types of operational risk is between low probability, high impact risks, and high probability low impact risks.

The management of risks with low probability but severe impact may involve insurance, but for other risks, the organization may have a contingency plan in place such as the availability of alternative IT facilities if a major systems failure occurs. The findings also indicate that procedures and processes used by majority of supermarkets in Nyeri County did not provide adequate support to strategy implementation. Matthews (2008) argue that operational risks are largely based on procedures and processes and are generally within the control of a firm through risk assessment and risk management practices, including internal control and insurance. The findings also indicate that majority of supermarkets in Nyeri County did not generate adequate revenues for their operations. Maiche (2016) asserts that the value of a firm's strategy is magnified by its ability to surge productivity, reduce transaction costs, grow revenues, improve service or product quality and enhance firm performance. Zsidison (2003) as cited in Muia (2016) asserts that as much as firms are expected to generate enough revenues to cater for their operations and support a net margin that is expected to absorb any expected losses as a result of risks, firms should also have enough capital reserves to cushion unexpected losses or resort to transfer those losses to ensure that losses do not impact negatively on firm's performance.

**Influence of Competitive Risk on implementation of strategic plans in supermarkets**

The researcher first sought to determine whether competitive risk influences implementation of strategic plans. The findings are as indicated in Fig 3.

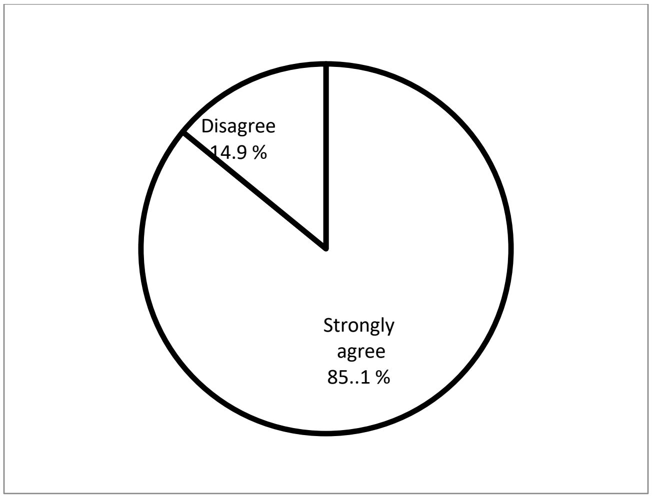



**Figure 3 Influence of Competitive Risk on implementation of strategic plans in supermarkets**

The findings indicate that majority (85.1%) of the respondents agreed that competitive risk influences implementation of strategic plans to a very great extent.

The researcher further required the respondents to indicate the extent to which they agreed with competitive risk factors on implementation of strategic plans in supermarkets. The findings are as indicated in table 5.

**Table 5 Competitive Risk factors and their influence on implementation of strategic plans in supermarkets**

| Competitive Risk Factors | Mean | Std. Deviation |
|---|---|---|
| The supermarket faces stiff competition from its rivals | 3.9713 | .8654 |
| Competitor actions reduce the supermarket's profit margins significantly | 3.8434 | 1.1816 |
| When developing organizational strategies, the supermarket takes into account competitor strategies | 3.7125 | 1.1523 |
| Competitor actions increase the supermarket's operational costs significantly | 3.5465 | 1.0992 |
| The supermarket responds effectively to the ever changing tastes and preferences of its customers | 3.3876 | 1.1133 |
| The supermarket's strategies towards competitor actions are significantly effective | 3.2764 | 1.2053 |
| The supermarket's strategies give it a competitive advantage | 3.1643 | 1.1942 |

Table 5 presents the findings on the influence of competitive risk on implementation of strategic plans using a 5 point Likert scale with 1 point representing factors with the least influence while 5 points represent factors with the highest score. Responses on supermarket faces stiff competition had the highest mean (3.9713) and the least standard deviation (0.8654) whereas responses on supermarket's strategies give it a competitive edge had the lowest mean (3. 1643); competitor actions reduce the supermarket's profit margins (3.8434); the supermarket takes into account competitor strategies when developing organizational strategies (3.7125); competitor actions increase the supermarket's operational costs (3.5465); the supermarket responds effectively to the ever changing customer tastes and preferences (3. 3876); the supermarket's strategies towards competitor actions are significantly effective (3. 2764).

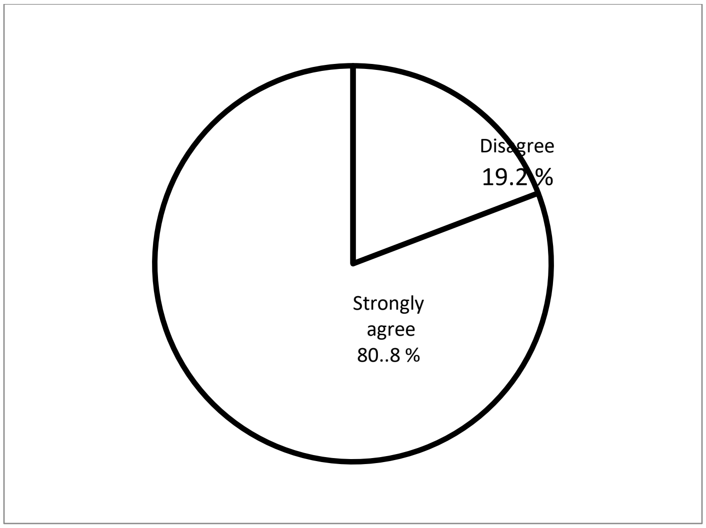
The findings indicate that majority of the supermarkets in Nyeri County face stiff competition and that competitor actions reduce the profit margins for majority of the supermarkets in Nyeri County. According to the Deloit Report (2016), "Global Powers of Retailing", in the world of retailing, competitive threat to stores comes from convenience and online retailing, the challenge of cyber security and the difficulty in deciphering the tastes and price sensitivities of an increasingly fragmented consumer market. Gacheri (2010) asserts that managers should understand competitive forces acting on and between firms in the same industry and how individual firms might choose to compete. Porter (1985) argues that the five forces that govern competition and determine industry's profitability are; rivalry among competing sellers in the industry, potential entry of new competitors, market attempts of firms in other industries to win customers over their own substitute products, competitive pressures stemming from supplier-seller collaboration and bargaining and, competitive pressures stemming from seller-buyer collaboration and bargaining.

The study established that although majority of the supermarkets in Nyeri County considered competitor strategies when developing their organizational strategies, competitor actions significantly increased operational costs in majority of the supermarkets in Nyeri County. Ohmae (1991) argues that strategy that ignores competitive reaction is flawed; so is strategy that does not consider sufficiently how the customer will react; and so is the strategic plan that does not explore fully a firm's capacity to implement it. The study also established that competitive strategies used by majority of the supermarkets in Nyeri County did not respond adequately to the ever changing customer tastes and preferences. Shisia, Sang, Waitindi & Okibo (2014) as cited in Mwangi (2017) argue that supermarkets need to up their game in terms of elegance and comfort shopping experience ranging from parking lots, shopping trolleys, wide paths while shopping, groceries, fast foods, bakeries and dry cleaners all under one roof with a view to winning customer loyalty and gaining a competitive edge over their rivals.

The study also established that competitive strategies used by majority of the supermarkets in Nyeri County towards competitor actions were not significantly effective. The study also established that the strategies used by majority of the supermarkets in Nyeri County did not yield a competitive advantage. Mutegi (2013) asserts that a company that has a well formulated competitive strategy more often than not is able to enjoy competitive advantage. Thompson and Strickland (1993) as cited in Mutegi (2013) assert that a company has a competitive advantage whenever it has an edge over its rivals in securing customers and defending competitive forces. Sustainable competitive advantage is born out of core competences that yield long term benefits to an organization. Gacheri (2010) affirms that in formulating business strategy, managers must consider strategies of the firm's competitors by undertaking a competitor analysis to enable the organization to understand the competitors to compete with, competitors' strategies and planned actions, how competitors might react to a firm's actions, and how to influence competitor's behavior to the firm's own advantage. Porter (1985) identifies three types of approaches to building competitive advantage namely; low-cost leadership strategies, differentiation strategies, and focus strategies.

**Influence of Supply Risk on implementation of strategic plans in supermarkets**

The researcher first sought to determine whether supply risk influences implementation of strategic plans. The findings are as indicated in Fig 4.




**Influence of Supply Risk on implementation of strategic plans in supermarkets**

The findings indicate that majority (80.8%) of the respondents agreed that competitive risk influences implementation of strategic plans to a very great extent.

The researcher further required the respondents to indicate the extent to which they agreed with supply risk factors on implementation of strategic plans in supermarkets. The findings are as indicated in table 6.

**Table 6 Supply Risk factors and their influence on implementation of strategic plans**

| Supply Risk Factors | Mean | Std. Deviation |
|---|---|---|
| The supermarket has a supply risk management strategy | 3.8233 | .9281 |
| The supermarket has more than one supplier for every product | 3.6424 | 1.1894 |
| The supermarket's criteria for selecting its suppliers is very effective | 3.5526 | 1.2458 |
| The supermarket evaluates its suppliers performance regularly based on an evaluation criteria | 3.4286 | 1.3879 |
| The supermarket has established strong relationships with its suppliers | 3.3834 | 1.3147 |
| The supermarket has a software that links it with its key suppliers | 3.2735 | 1.1198 |
| The supermarket's supply risk management practices supports implementation of its strategies significantly | 2.9823 | 1.2634 |

Table 6 presents the findings on the influence of supply risk on implementation of strategic plans using a 5 point Likert scale with 1 point representing factors with the least influence while 5 points represent factors with the highest score. Responses on supermarkets have a supply risk management strategy had the highest mean (3.8233) and the least standard deviation (0.9281) whereas responses on supermarkets' supply risk management practices support implementation of strategies significantly had the lowest mean (2.9823); supermarkets have more than one supplier for every product (3.6424); supermarket's criteria for selecting its suppliers is very effective (3.5526); supermarket evaluates its suppliers performance regularly based on an evaluation criteria (3.4286); supermarket has established strong relationships with its suppliers (3.3834); supermarket has a software that links it with its key suppliers (3. 1735).

The study established that although majority of the supermarkets in Nyeri County had developed supply risk management strategies, supply risk management practices used did not provide adequate support to implementation of strategies in majority of the supermarkets in Nyeri County. Gavin and Shona (2013) front five capability gaps in SRM: supply chain risks and relationships are often poorly understood; spending on SRM is minimal and true supplier costs are unknown; gaps exist between expected benefits and the reality of sourcing; strong supplier relationships do not always equal strong supplier performance hence firms are not maximizing benefits; firms' SRM governance frameworks do not always adequately address risks. Gavin and Shona (2013) argue that capability gaps within firms in SRM require firms to consider risks posed by their supplier base and develop comprehensive governance frameworks to mitigate key risks. The study established that although majority of supermarkets in Nyeri County had multiple suppliers for every product, majority of the supermarkets did not evaluate their suppliers' performance regularly. Regular choosing and evaluating of suppliers leads to improved overall quality, better all-round service, improved delivery performance and relationships, reduced costs (Lamming et al., 1996), improved customer satisfaction and firm performance (Tracey and Tan, 2001), measuring and monitoring suppliers' performance, mitigating risks and driving continuous improvement (Gordon, 2008). Hines (2004) argues that adversarial relationship between buyer and supplier based on price do not foster cost reduction in the supply chain. It is vital to network the supplier and to develop partnerships and strategic alliances beneficial to both partners that allow information sharing, risk sharing, obtaining mutual benefits and coordinating plans thereby permitting improvement of the supply chain.

### Implementation of Strategic Plans in Supermarkets

The findings on implementation of strategic plans are as indicated in table 7.

**Table 7 Implementation of strategic plans in supermarkets**

| Implementation of Strategic Plans | Mean | Std. Deviation |
|---|---|---|
| The number of supermarket's customers has significantly increased | 3.8234 | 1.1422 |
| The supermarket has significantly expanded its product base | 3.7465 | 1.2158 |
| The supermarket's business volume has significantly increased | 3.6361 | 1.1734 |
| The quality of service delivery has significantly improved | 3.4894 | 1.1942 |
| The supermarket has significantly increased its operational effectiveness and efficiency | 3.3341 | 1.2986 |
| The supermarket's profitability has significantly increased | 3.2863 | 1.1264 |
| The supermarket has opened new retail outlets/branches | 2.9286 | 1.0895 |

As presented in Table 7, the respondents indicated with a mean of 3.8234 that there was an increase in the number of supermarket's customers; expansion of the product base of the supermarket (3.7465); increase in supermarket's business volume (3.6361); improvement in the quality of supermarket's service delivery (3.4894); increase in supermarket's operational effectiveness and efficiency (3.3341); increase in supermarket's profitability (3.2863), and; opening of new outlets/branches by the supermarket (2.9286).

The study established that majority of supermarkets in Nyeri County were faced with a myriad of risks that hindered implementation of their strategies. Mwandau (2014) asserts that firms face numerous dynamic risks that evolve over time due to environmental changes and impact negatively on firms' business. Firm's success requires controlling risks at acceptable levels while corresponding opportunities are exploited (Roberts et al.,

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2012). Firms need to out-rightly confront the management of risk if they are to succeed in their strategies (Atkinson, 2013). Firms should take measured risks to generate value, avoid intolerable losses and create awareness about and actions to prevent excessive levels of risk that may cause adverse consequences (Crickette et al., 2012).

**Correlation between risk factors and implementation of strategic plans.**

Pearson's correlation analysis was done to determine the degree of relationship between risk factors (resource risk, operational risk, competitive risk, and supply risk) and implementation of strategic plans at 99% confidence interval and 0.01 confidence level 2-tailed as shown in Table 8. A positive correlation exists between resource risk and operational risk at 0.771; resource risk and competitive risk at 0.628 and; resource risk and supply risk at 0.587. A positive correlation also exists between resource risk and strategy implementation at 0.735. Operational risk has a positive correlation with competitive risk at 0.573 and; operational risk and supply risk at 0.538. A positive correlation also exists between operational risk and strategy implementation at 0.615. Competitive risk has a positive correlation with supply risk at 0.534. Competitive risk also has a positive correlation with strategy implementation at 0.568. Supply risk has a positive correlation with strategy implementation at 0.542. Highest correlation exists between resource risk and operational risk (0.771) whereas least correlation exists between supply risk and competitive risk (0.534). This indicates that if resources are deployed in large quantities, competition will insignificantly affect implementation of strategic plans. Many strategies fail due to inadequate resource allocation to implement them (Wangari, 2011).

The p-values for resource risk, operational risk, competitive risk and supply risk were 0.000, 0.000, 0.001 and 0.001 respectively as shown in Table 8. Therefore, resource risk and operational risk were the most significant factors while competitive risk and supply risk were the least significant factors since the lower the p-value, the more significant the variable.

**Table 8 Correlations**

| | | Resource Risk | Operational Risk | Competitive Risk | Supply Risk | Strategy implementation |
|---|---|---|---|---|---|---|
| Resource Risk | Pearson Correlation<br>Sig. (2-tailed)<br>N | 1<br><br>79 | .771**<br>.000<br>79 | .628**<br>.000<br>79 | .587**<br>.001<br>79 | .735**<br>.000<br>79 |
| Operational Risk | Pearson Correlation<br>Sig. (2-tailed)<br>N | .771**<br>.000<br>79 | 1<br><br>79 | .573**<br>.001<br>79 | .538**<br>.000<br>79 | .615**<br>.000<br>79 |
| Competitive Risk | Pearson Correlation<br>Sig. (2-tailed)<br>N | .628**<br>.000<br>79 | .573**<br>.001<br>79 | 1<br><br>79 | .534**<br>.001<br>79 | .568**<br>.001<br>79 |
| Supply Risk | Pearson Correlation<br>Sig. (2-tailed)<br>N | .587**<br>.001<br>79 | .538**<br>.001<br>79 | .534**<br>.001<br>79 | 1<br><br>79 | .542**<br>.001<br>79 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Strategy implementation | Pearson Correlation<br>Sig. (2-tailed)<br>N | .735**<br>.000<br>79 | .615**<br>.000<br>79 | .568**<br>.001<br>79 | 542**<br>.001<br>79 | 1<br><br>79 |

**Correlation is significant at the 0.01 level (2-tailed).

**Multiple Regression Analysis**

A multiple regression analysis to determine the proportion of variance in the dependent variable which could be explained by explanatory variables represented by $R^2$ was done. The study had $R^2$ of 72.3% implying that resource risk, operational risk, competitive risk and supply risk accounted for 72.3% of the risk factors affecting implementation of strategic plans in supermarkets in Nyeri County.

**Level of significance**

To determine the level of significance of the different explanatory variables, the researcher considered the t-value(s) and the $R^2$ at both the bi-variate and multivariate analysis level.

**Table 9 Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .850[a] | .723 | .708 | .4349 |

a. Predictors: (Constant), resource risk, operational risk, competitive risk, supply risk

**ANOVA Results**

Table 10 shows a significant F value of 46.802. The critical value for F at 0.05 significance level was found to be 2.51. The p-value of the F-test in the ANOVA table is 0.000 which is less than 0.05 implying that the set of explanatory variables comprising of resource risk, operational risk, competitive risk and supply risk, significantly predicted variations in implementation of strategic plans in supermarkets in Nyeri County.

**Table 10 Analysis of Variance (ANOVA) Results**

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| 1 Regression | 14.231 | 4 | 3.557 | 46.802 | .000 |
| Residual | 5.241 | 69 | 0.076 | | |
| Total | 19.684 | 73 | | | |

a. Dependent Variable: Implementation of strategic plans
b. Predictors: (Constant), resource risk, operational risk, competitive risk, supply risk

**Parameters Coefficients**

Given that the original model was as follows:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \in$; where,

Y is the dependent variable (implementation of strategic plans);

$\beta_0$ is the autonomous component i.e. implementation of strategic plans that is not affected by factors in question and also gives the intercept of the curve;

$\beta_1, \beta_2, \beta_3$ *and* $\beta_4$ are the coefficients of proportionality which explain the amount by which implementation of strategic plans (Y) changes due to a unit change in explanatory variables;

$X_1 =$ Resource risk

$X_2 =$ Operational risk

$X_3 =$ Competitive risk

$X_4 =$ Supply risk

$\in$ = Random error term and accounts for other factors that affect implementation of strategic plans which are not defined in the model.

Given the regression equation above, taking all independent variables (resource risk, operational risk, competitive risk and supply risk) at constant zero, the dependent variable (Y) which is the implementation of strategic plans in supermarkets becomes $\beta_0 = 2.724$. Therefore,

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \in$; becomes,

Y = 2.724 + 0.887 $X_1$ + 0.715 $X_2$ + 0.649 $X_3$ + 0.591 $X_4$

**Table 11 Parameter Coefficients[a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std Error | Beta | | |
| 1 (Constant) | 2.724 | .815 | | 3.342 | .001 |
| Resource risk | .887 | .184 | .617 | 4.820 | .000 |
| Operational risk | .715 | .302 | .459 | 2.367 | .011 |
| Competitive risk | .649 | .418 | .232 | 1.552 | .022 |
| Supply risk | .591 | .501 | .194 | 1.179 | .022 |

a. Dependent Variable: Implementation of strategic plans

The findings in Table 11 indicate that resource risk, operational risk, competitive risk and supply risk significantly predicted implementation of strategic plans in supermarkets. The findings also show that the independent variables are significant at 0.05% significant level (p=0.000, p=0.011, p=0.022 and p=0.022) respectively with resource risk factors being the most significant factors affecting implementation of strategic plans in supermarkets. The model shows that holding all other factors (resource risk, operational risk, competitive risk and supply risk) at constant zero, the implementation of strategic plans will be 2.724

The findings indicate that holding all other factors at constant zero, (operational risk, competitive risk and supply risk), a unit increase in resource factors would lead to a 0.887 increase in implementation of strategic plans in supermarkets in Nyeri County. Also a unit change in operations, competition and supply will change the implementation of strategic plans by 0.715, 0.649 and 0.591 respectively.

T **Statistics (t)**

T-Ratio explains statistical significance of explanatory variables. If t>2, the explanatory variable is statistically significant. The opposite is true if t<2. Resource factors with t-value of 4.820 were the most statistically significant while operational risk, competitive risk and supply risk had statistical significance of 2.367, 1.552 and 1.179 respectively as shown in Table 11.

## 9. Summary of findings

The general objective of the study was to examine risk factors affecting implementation of strategic plans in supermarkets in Nyeri County. The study was guided by four specific objectives namely: To examine the effect of resource risk on the implementation of strategic plans in supermarkets in Nyeri County; to examine the effect of operational risk on the implementation of strategic plans in supermarkets in Nyeri County; to examine the effect of competitive risk on the implementation of strategic plans in supermarkets in Nyeri County, and; to examine the effect of supply risk on the implementation of strategic plans in supermarkets in Nyeri County. The target population was drawn from the top management, middle-level managers and line supervisors from all the 37 supermarkets operating in Nyeri County. Out of the targeted 111 respondents, 79 of the respondents filled and returned the questionnaires giving a response rate of 71.17%. Mugenda and Mugenda (2012) argue that a response rate of 50% is adequate for analysis, 60% is good and above 70% is excellent. This implies that the response rate for this study was adequate and it increases confidence for generalization.

### Influence of Resource Risk on implementation of strategic plans in supermarkets

With respect to resource risk, the study established that majority of the supermarkets in Nyeri County had not fully aligned their organizational competences with their organizational strategies and that majority of the supermarkets in Nyeri County had inadequate talented pool of managers and staff with requisite skills necessary to implement organizational strategies. The study also established that majority of the supermarkets in Nyeri County had not fostered staff training programmes. Burma (2014) argues that when opportunities for growth and enhancement of skills are available, people will be stimulated to give their best, leading to greater job satisfaction and organizational effectiveness. Organizational growth depends on how its talent is nurtured. The study also established that the level of technology in majority of the supermarkets in Nyeri County was not adequate. Johnson et al**.,** (2008) argue that for a firm to achieve strategic success, it must align its business and technological strategies. Voss (2005) argues that adequate information tools must be available to allow strategic decision makers to monitor progress toward strategic goals and objectives, track actual performance, pinpoint accountability, and most importantly, provide an early warning of any need to adjust or reformulate strategy. The study also established that the level of funding of strategies in majority of the supermarkets in Nyeri County was not adequate. Hewlett (1999) as cited in Kibachia (2014) asserts that most strategic plans are hurdled by financial constraints during implementation. Heller and Aghvelli (2005) as cited in Kibachia (2014) contend that although most firms allocate resources to projects based on cost budget, the risk is that there is a tendency for most firms to not properly estimate the true costs of implementing strategic plans.

### Influence of Operational Risk on implementation of strategic plans in supermarkets

With regard to operational risk, the study established that majority of the supermarkets in Nyeri County had not aligned their organizational policies with operational implementation risks. Joanna Radomska (2014) asserts that a poorly implemented policy that does not fully consider and track operational implementation risks may result in failure to achieve the end goal. The study also established that majority of the supermarkets in Nyeri County lacked alternative information technology facilities for use in case of a major systems failure. Weller (2008) asserts that an organization needs to have a contingency plan in place such as the availability of alternative IT facilities if a major systems failure occurs. The study also established that procedures and processes used by majority of supermarkets in Nyeri County did not provide adequate support to strategy implementation. Matthews (2008) argue that operational risks are largely based on procedures and processes and are generally within the control of a firm through risk assessment and risk management practices. The study also established that majority of supermarkets in Nyeri County did not generate adequate revenues for their operations. Maiche (2016) asserts that the value of a firm's strategy is magnified by its ability to surge productivity, reduce transaction costs, grow revenues, improve service or product quality and enhance firm performance. Zsidison (2003) as cited in Muia (2016) asserts that as much as firms are expected to generate enough revenues to cater for their operations and support a net margin that is expected to absorb any expected losses as a result of risks, firms should also have enough capital reserves to cushion unexpected losses or resort to transfer those losses to ensure that losses do not impact negatively on firm's performance.

**Influence of Competitive Risk on implementation of strategic plans in supermarkets**

Regarding competitive risk, the study established that majority of the supermarkets in Nyeri County face stiff competition and that competitor actions reduce profit margins in majority of the supermarkets in Nyeri County. Gacheri (2010) asserts that managers should understand competitive forces acting on and between firms in the same industry and how individual firms might choose to compete, and how to influence competitor's behavior to the firm's own advantage. Porter (1985) argues that the five forces that govern competition and determine industry's profitability are; rivalry among existing competitors, threat of new entrants, bargaining power of suppliers, threat of substitute products or services, and bargaining power of buyers. The study established that although majority of the supermarkets in Nyeri County considered competitor strategies when developing their organizational strategies, competitor actions significantly increased operational costs in majority of the supermarkets in Nyeri County. Ohmae (1991) asserts that an effective strategic plan takes into account three main players; the company, the customer and the competition.

The study also established that competitive strategies used by majority of the supermarkets in Nyeri County did not respond adequately to the ever changing customer tastes and preferences. Shisia, Sang, Waitindi & Okibo (2014) as cited in Mwangi (2017) argue that supermarkets need to up their game in terms of elegance and comfort shopping experience with a view to winning customer loyalty and gaining a competitive edge over their rivals. The study also established that competitive strategies used by majority of the supermarkets in Nyeri County towards competitor actions were not significantly effective and that the strategies used by majority of the supermarkets in Nyeri County did not yield a competitive advantage. Mutegi (2013) asserts that a company with a well formulated competitive strategy is able to enjoy competitive advantage. Porter (1985) identifies three types of approaches to building competitive advantage namely; low-cost leadership strategies, differentiation strategies, and focus strategies.

**Influence of Supply Risk on implementation of strategic plans in supermarkets**

With respect to supply risk, the study established that although majority of the supermarkets in Nyeri County had developed supply risk management strategies, the supply risk management practices used did not provide adequate support to implementation of strategic plans in majority of the supermarkets in Nyeri County. Gavin and Shona (2013) front five capability gaps in SRM: Supply chain risks and relationships are often poorly understood; spending on SRM is minimal with many firms lacking knowledge of the true suppliers' costs; gaps exist between expected benefits and the reality of sourcing; strong supplier relationships do not always equal strong supplier performance hence firms are not maximizing benefits; firms' SRM governance frameworks do not always adequately address risks. Capability gaps within firms in SRM require consideration of risks posed by supplier base and development of comprehensive governance frameworks to mitigate key risks.

The study also established that although majority of the supermarkets in Nyeri County had more than one supplier for every product, majority of the supermarkets did not evaluate their suppliers' performance regularly. Regular choosing and evaluating of suppliers leads to improved overall quality, better all-round service, improved delivery performance and relationships, reduced costs (Lamming et al., 1996), improved customer satisfaction and firm performance (Tracey and Tan, 2001), measuring and monitoring suppliers' performance, mitigating risks and driving continuous improvement (Gordon, 2008). The study also established that majority of supermarkets in Nyeri County lacked a software to connect them with their suppliers and had not established strong relationships with their suppliers. Hines (2004) argues that in commodity products, adversarial relationship exist mainly based on price between buyer and supplier which does not foster cost reduction in the supply chain; it may be beneficial to network the supplier, to develop partnerships and alliances beneficial to both partners based on production, personal, and or symbolic networking that will turn on strategic alliances, allowing information sharing, risk sharing, obtaining mutual benefits and coordinating plans thereby permitting improvement of the supply chain.

## 10. Conclusion

Supermarkets have developed formal strategic plans aimed at achieving superior performance. However, supermarkets are faced with a wider array of risks that threaten their businesses.

This study examined the influence of resource risk; operational risk; competitive risk and supply risk on the implementation of strategic plans in supermarkets. Based on the study findings, the study concluded that resource risk affects implementation of strategic plans. Resource risk factors which affect implementation of strategic plans include: involvement of lower-level managers in the formulation and implementation of strategic plans; top management's continuous development of the competencies and skills of staff; alignment of incentives and rewards with organizational strategies; alignment of organizational competences with organizational strategies; supermarket having adequate talented pull of managers and staff; supermarket's level of technology's support to implementation of strategic plans; adequate allocation of funds, and; gaps in the implementation of strategic plans due to personnel changes at executive level.

The study also concluded that operational risk affects implementation of strategic plans. Operational risk factors which affect implementation of strategic plans include: effecting of changes by leadership to suit a new or revised strategy; alignment of organizational policies with operational implementation risks; alignment of supermarket's operations to meet market demand; carrying out staff training on new strategies by top management; supermarket generates adequate revenues for operations; supermarket's procedures and processes support strategy implementation , and; availability of alternative information technology facilities for use in case of a major systems failure.

The study also concluded that competitive risk affects implementation of strategic plans. Competitive risk factors which affect implementation of strategic plans include: supermarket faces stiff competition; supermarket's strategies give it a competitive edge over its competitors; competitor actions reduce the supermarket's profit margins; the supermarket takes into account competitor strategies when developing organizational strategies; competitor actions increase the supermarket's operational costs; the supermarket responds effectively to the ever changing customer tastes and preferences, and; the supermarket's strategies towards competitor actions are effective.

The study also concluded that supply risk affects implementation of strategic plans. Supply risk factors which affect implementation of strategic plans include: supermarkets have a supply risk management strategy; supermarkets' supply risk management practices support strategy implementation; supermarkets have more than one supplier for every product; supermarket's criteria for selecting its suppliers is effective; supermarket evaluates its suppliers performance regularly based on an evaluation criteria; supermarket has established strong relationships with its suppliers, and; supermarket has a software that links it with its key suppliers.

The study also concluded that among the four variables studied namely: resource risk; operational risk; competitive risk, and; supply risk, resource risk influences implementation of strategic plans more than the other three variables.

The study also concluded that for supermarkets to effectively implement their strategies, supermarkets need to outrightly confront the management of risk.

## 11. Recommendations

The study aimed at determining risk factors affecting implementation of strategic plans in supermarkets in Nyeri County. The study examined the effect of resource risk, operational risk, competitive risk and supply risk on the implementation of strategic plans in supermarkets operating in Nyeri County. Based on the findings of this study, the researcher makes the following recommendations:-

Supermarkets should allocate adequate and timely financial, human and technological resources toward the implementation of their strategic plans to ensure success of their strategic objectives. Investment in technology will greatly leverage the supermarkets' ability to implement their strategies.

Supermarkets should formulate and implement competitive strategies to gain sustainable competitive advantage which require managers to understand competitive forces acting on and between firms in the same industry and how individual firms might choose to compete.

Supermarkets should develop robust risk management strategies with clearly defined risk metrics to enable supermarkets identify, manage and evaluate key risks. To reduce the probable impact of supply risk, supermarkets should address capability gaps in supply risk management programmes and should also endeavour to strengthen the supply chain relationships.

Supermarkets should clearly understand and articulate their risk appetite and tolerance concepts to enable them pursue profitable opportunities. Firms should take measured risks to generate value and avoid intolerable losses.

Supermarkets should align their risk management programmes with their organizational strategies to provide for risk-based decision making necessary for reducing the adverse impact of risks on organizational profitability and market share.

Supermarkets should foster continuous staff trainings on implementation of strategic plans. Trainings leverage the skills and competences of strategy implementers and thereby enhance implementation of strategic plans.

## 11. Suggestions for further research

This study examined risk factors affecting implementation of strategic plans in supermarkets in Nyeri County. The study's independent variables i.e. resource risk, operational risk, competitive risk and supply risk accounted for only 72.3% of the risk factors affecting implementation of strategic plans in supermarkets in Nyeri County. Further research should be conducted to establish other risk factors that contribute to the 27.7 % that were not accounted for by this study. This researcher further recommends for similar studies to be carried out in other counties in Kenya to assist in comparison of the findings.

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