# THE INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON PERFORMANCE OF QUICK SERVICE RESTUARANTS IN NAIROBI COUNTY

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A RESEARCH PROJECT PROPOSAL SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI

**NOVEMBER 2022** 

#### **DECLARATION**

The research presented here is entirely my own and has not been submitted for review to any other institution of higher learning.

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Signature:		Date24/11/2022

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This research project has been handed in for evaluation, and I, in my capacity as a supervisor at the University, have given my permission.

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# **DEDICATION**

I want to thank my wonderful parents and everyone else in my family for their support during this project.

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#### LIST OF ABBREVIATIONS AND ACRONYMS

BSC Balanced Score Board

BSI Balanced Scorecard Institute

CTDLT Catering and Tourism Development Levy Trustees

RBT Resource-Based Theory

KFC Kentucky Fried Chicken

KPI Key performance Indicators

SMP Strategic Management Practice

QSR Quick Service Restaurant

#### **ABSTRACT**

The management team is able to choose the most effective and realistic strategy option with the assistance of strategic management. One's ability to perceive the business's strengths and weaknesses, as well as its risks and possibilities, may be improved by doing a thorough examination of the interior and outside settings of the organization. A company's competitive edge may be evaluated via strategic management, which also includes goals and approaches to meet all current and future rivals. The quick-service restaurant business has been confronted with significant difficulties recently, particularly as a result of the entry of a number of global corporations during the last several years. Consequently, this study set out to determine whether or not quick service restaurants in Nairobi County may benefit from adopting strategic management practices, as measured by the balance score card. The focus of this research is on fast service restaurants in Nairobi County, Kenya, and how strategic management practices may or may not affect their performance. Each of the 33 fast-food outlets in Nairobi County was surveyed as part of the study. The independent variable in this study was strategic management practices, and the researcher used strategy creation, execution, and evaluation as indicators of these procedures. The performance of the company was the dependent variable, and the balance score card was the measurement tool used to evaluate it. The outcomes of the research revealed that strategic management methods have a favorable and substantial relationship to performance. According to the findings of the research, effective strategic management is necessary for performance. The findings of the research suggested the existence of a connection between the several factors under investigation. The value of R Square was 0.679, which indicates that 67.9% of the changes in performance are characterized by the independent variables for the research, which are strategy design, strategy implantation, and strategy assessment of fast food businesses in Nairobi County. Strategic management, which provides overarching guidance, entails the formulation of plans, policies, and strategies for accomplishing objectives, and the subsequent allocation of resources to put these strategies into action. A company's strategic plan should aim to improve its standing in relation to its contemporaries in the same market. The study's findings define strategic management as an ongoing cycle of setting, checking, and resetting targets for the various parts of an organization that contribute to its success. A regular reevaluation of an organization's plans for success will be necessary as the business environment continues to undergo change. The study came to the conclusion that strategic management approaches are concerned with finding and explaining the procedures that managers might utilize to attain better performance.

# CHAPTER ONE INTRODUCTION

#### 1.1 Background of the Study

The obstacles that firms must overcome include globalization, litigation, competition, and technological advancements; as a result, strategic management focuses on selecting which strategies and plans should be put into strategic decision, strategic execution, and control (Berinato, 2004). Strategic management is the process by which a business takes advantage of favorable external possibilities, mitigates the impact of potentially harmful external threats, maximizes the potential of its own strengths, and compensates for its own flaws (Johnson & Scholes, 2016). Many studies have shown that organizations which have applied strategic management have a higher chance of success and profitability compared to similar companies who have not (Fred, 2014).

The theories used in the study are stakeholders' theory, contingency theory and resource based theory. The stakeholders' theory is a theory of corporate ethics that takes into consideration the many constituencies of commercial entities, including but not limited to workers, suppliers, creditors, and other parties (Mansell, 2013). Its focus is on the ethics and principles that should be upheld in the management of a corporation, such as those associated with market economy and corporate social responsibility. The resource-based view is rooted in the management tenet that an organization's success may be achieved from within rather than by adjusting to external conditions. That is, instead of only considering the environmental possibilities and risks associated with running a firm. For the company's resource-based ethos to work, it must be shown that improvements in performance can be attributed to increases in the use of particular types of resources that are under the control of the company. In addition, the theory of agency highlights the significance of the partnership between shareholders (business owners) and agents (business managers) in maintaining a company's long-term viability. Consequently, according to the contingency theory, there is no best way to run a business. The next stage for companies is to develop an appropriate management strategy in light of the current environment.

Increases in the number of Quick Service Restaurants (QSR) in recent years in Nairobi reflect an effort to introduce international norms for food safety and hygiene. Of Kenya's overall population of 57 million, the middle class is the fastest-growing market group. This class includes around two

million people who have significant disposable income. Nairobi's large expatriate population used to be almost exclusively comprised of people working in the city's numerous diplomatic missions and United Nations offices, and as a result, they were the ones who had the most disposable income. Nairobi, Kenya's capital, is a cosmopolitan metropolis that is often seen as a market that sets national trends. A populace that is educated, exposed, smart, ambitious, and characterized by rapidly shifting product tastes and preferences might be defined as being found in Nairobi. As a direct consequence of this, an increasing number of multinational corporations see Nairobi as an important central location for doing business. The Kenyan market in particular is prepared to accept multinational brands from both a strategic and financial return on investment perspective. Franchises for the city's many restaurants are concentrated in either central Nairobi or shopping centers in the city's more leafy suburbs, such as Westlands, Lavington, Kilimani, Kileleshwa, and Upper Hill. Before selecting to enter a new market, the food chains make significant investments in extensive market research, even down to the specifics of finding precise sites for the outlets.

#### 1.1.1 Strategic Management Practices

A company's strategy is the overarching framework that links the organization's principal goal, policies, and activity sequences (Porter, 1980). Thus, strategic management entails picking a strategy and deciding how it will be implemented through strategic analysis, strategic decision making, strategic execution, and strategic control. By using the strategic management process, a business can capitalize on favorable external opportunities, protect itself from harmful ones, grow upon its existing strengths, and fix any flaws it may have discovered within its own operations. The term "strategy" is used to describe a framework that helps a business stay consistent in key areas while simultaneously responding to new circumstances and gaining an advantage. According to Ansoff (2002), the goal of strategic management is to ensure the company's long-term success and to prevent it from being negatively impacted by changes in its external environment. This is the most significant obligation that general administration is tasked with, and it is their principal duty. The inclination to perceive strategy as an independent phenomena, rather than as a causally connected component in the management process of institutions, is one of the factors that has hampered our capacity to understand strategy.

Managers, acting on behalf of the organization's stakeholders, formulate and carry out important objectives and initiatives as part of strategic management practices. Organizational best practices are developed after careful analysis of the internal and external settings in which they function, as well as a thorough examination of the resources at their disposal. Strategic management's major role is to guide an organization in the proper direction by identifying its long-term objectives, developing a strategy to achieve those objectives, and assigning resources to implement that strategy. According to the idea proposed by Gole (2005), the role of strategic management is to help top management determine the company's true goals and then provide a range of options that will help them be realized both in the long and near terms. According to this perspective, the application of strategic management is more akin to a series of steps. An organization's strategy is made up of three main parts: analysis, development, and implementation. Analyzing the external environment in which a business works is fundamental to any strategic study. Defining objectives and creating a plan to reach them are at the heart of the strategic planning process.

#### 1.1.2 Firm Performance

The word "firm performance" may be used to describe either the idea that explains a company's success or the degree to which the organization has accomplished its aims. To put it simply, it is a measure of a company's development through time (Miller, 2003). Many factors, the details of which vary widely depending on the business sector in which the firm operates, contribute to its overall success. Performance may also be understood in terms of the degree to which an organization has attained the goals it set for itself. Businesses are able to evaluate how well they are doing by comparing their financial and non-financial indicators, often known as Key Performance Indicators (KPI), to the goals that they have established for themselves. Depending on the goals of the business, each kind of company uses a unique set of metrics to evaluate employee performance. In the vast majority of instances, the results and outcomes of firms are what serve as the basis for determining their levels of performance. Some businesses gauge their success based on the level of contentment their customers report, while others evaluate themselves according to the amount of money they bring in, and still others, particularly those that are not-for-profit, consider the difference their efforts have made in the world.

Financial metrics such as net profit, return on investment, return on assets, and profit per share are often used in the business sector to evaluate enterprises such as hotels and restaurants. The intangibles are ignored, which is a key drawback of these types of studies. Two academics, Robert Kaplan and David Norton, saw this gap in the market and created a strategic management tool specifically for businesses. This method was dubbed the Balanced Scorecard (BSC). The Balanced Scorecard is a management and analytical tool that may be used to evaluate how well an organization is meeting its goals. The goal of the Balanced Scorecard is to provide an allencompassing view of a company's performance that would be impossible to get from a purely numerical study by bringing together the views of the company's customers, internal business processes, and employees (Kaplan and Norton, 1992).

The BSC is a method for creating a basis for a strategic management and monitoring system. It achieves this by converting the goals and objectives of a company into a comprehensive set of performance indicators. For a variety of reasons, such as their tendency to foster narrow fixation and a lack of long-term perspective, their failure to emphasize strategy, and their disincentive to ongoing improvement, traditional performance evaluation techniques have come under fire (Giannopoulos, Khansalar and Cleanthous 2013). Non-financial indicators are more accurate reflections of the hotel's investment and performance of the more intangible parts that may predict the hotel's future financial success than are traditional financial performance measurements, which are useful for measuring the quantitative side of a hotel's success. These intangibles are the company's own property and might provide it a long-term advantage in the market (Blake, 2012).

The BSC suggests use a variety of metrics for gauging financial performance, with a focus on satisfying customers, running efficiently as a business, and ensuring the company's continued success in the future (Balanced Scorecard Institute 2010). To disclose the BSC, a balance must be struck between lagging indicators, which show the outcomes of prior measurements, and leading indicators, which show the trends that will effect future measurements. To symbolize this equilibrium, we have the BSC. The BSC does more than just convert strategy into concrete words; it also connects businesses with strategy, which helps to concentrate the efforts of departments and employees on their respective tasks. A complement to traditional measurements of financial

performance, the BSC as outlined by Danaei, Hemmati, and Mardani (2014) takes into account the customer's perspective, the internal process, and learning and growth.

#### 1.1.3 Quick Service Restaurants in Nairobi County

According to Sahagun and Vasquez-Parraga (2014), a "Quick Service Restaurant" (QSR) is a distinct kind of eatery that specializes on serving fast food cuisine and provides a condensed level of table service. Quick-service restaurants provide restricted menu items that are cooked in large batches and kept hot, plated and packaged upon request, and offered for takeaway or dining in. Usually, QSRs are a branch of a bigger franchise or chain. These chains or operations typically offer standardized ingredients and/or partly cooked meals and supplies to each individual restaurant by means of regulated supply channels. White Castle, which opened its doors in 1921, is generally regarded as the first quick-service restaurant in the United States. QSR such as McDonald's and KFC have evolved into international enterprises that operate locations all over the world. There are several variations of the idea of fast food restaurants, such as quick casual restaurants and catering trucks. Fast casual restaurants provide a combination between the normal counter service seen at fast food restaurants and the more traditional table service found in restaurants. These restaurants feature greater sit-in percentages. Catering trucks, often known as food trucks, frequently park directly outside of workplaces and are quite popular with the employees that work there.

The quick service restaurant chains that have sprung up all over the main avenues in Nairobi County are catering to the expanding middle class's increased need for more discretionary income. The quick-service restaurant is based on the concept of convenience, and as such, it strives to provide its services at the very lowest possible cost. The marketing and advertising strategies that are used by fast-food companies are fundamentally different from those utilized by other types of catering firms. In general, fast-food restaurants focus more on marketing their brands than the food that they provide. In contrast to conventional restaurant operations, fast-food corporations engage in extensive advertising in mass and other media; furthermore, they attach great importance to their names and charge astronomical sums in royalties and licensing fees to anybody who wants to fly the flag (Mugo, 2014).

American fast food businesses like Kentucky Fried Chicken (KFC), which is headquartered in Louisville, Kentucky, and which serves mostly fried chicken, can be found throughout Nairobi County. After McDonald's, this restaurant business operates 18,875 locations throughout 118 nations, making it the world's second biggest restaurant chain overall (based on sales). Others include Hoggers, which is a brand established in South Africa that houses Steers, Debonairs Pizza, and most recently, the Ocean Basket, which is well-known for its delectable selection of seafood. Steers maintains its position as one of the industry leaders by providing customers with the most extensive selection of burgers and by using a proprietary flame grilling method. One of the most well-known quick-service restaurants in Nairobi and across Kenya is owned by Innscor Kenya, which is also responsible for the restaurants Bakers Inn, Creamy Inn, Pizza Inn, and Galitos.

#### 1.2 Research Problem

It was stated by Covin (1991) that the connection between strategy and results is more complex than often assumed. Strategies leading to high performance are recognized, as noted by Chell, Haworth, and Brearley (1991), and they include things like a focus on product quality and product/service innovations that match changing consumer demand. The use of technology, the penetration of untapped markets, the delivery of unparalleled service and support, the rollout of widespread advertising, the acquisition of outside funding, the encouragement of cost-cutting measures, the motivation of employees, and the encouragement of increased productivity are all hallmarks of successful strategies (Vickery, Droge & Markeland, 1993).

Changes in the population and the impact of pop culture are likely major factors in the success of the quick-service restaurant (QSR) industry (Mathur & Patodiya, 2016). Daniel (2015) suggests that the need for fine dining, cheap deals, take-outs, and delivery services, and the convenience of quick-service restaurants all contribute to the industry's rapid growth. There are a few problems that arise with the growth of the quick-service restaurant sector. Due to a lack of expertise on how to survive in the industry, ninety percent of these fast food company entrepreneurs fail within the first few years of their existence (Parsa et al., 2015). The high proportion of failed fast food businesses and poor performance lends credence to the contention that some of the businesses have not engaged in sufficient strategic management planning and analysis (Williams & Williams, 2014). Adisa et al. (2014) argue that businesses must create and execute efficient strategies if they

are to provide for the interests of their workers, their superiors, and their clients. In order for quick service restaurants to operate successfully, effective business strategies are required.

The most important choices that managers needed to make are those pertaining to the creation and execution of effective strategies. According to Kim (2016), managers who hold the most important administrative roles are the ones who are responsible for determining which strategies are the most effective for their firms. Everyone involved must be capable of formulating and executing sound business plans and must know and understand the most critical components of these strategies, such as quality of service to customers and compensation for employees (Desroches et al., 2014). When putting these customer service plans into action, businesses need to determine which plans will provide the greatest return on investment over time. (Kim, 2016) Following effective business tactics may result in pleased and loyal consumers, whose continuing support is vital to the sustainability of the fast food industry, as stated by Ibrahim, Dumas, and McGuire (2015) as well as Spiess et al. (2014). The continuous support of these patrons is crucial to the longevity of the fast food industry. Mustapha et al. (2014) report that the fast food industry in Nigeria is expanding at an exponential rate, with the number of restaurants there likely doubling in the next five years. This forecast has enticed many would-be company owners to enter the fast food industry without providing them with proper preparation on the necessary tactics for success (Mustapha, Fakokunde, & Awolusi, 2014).

Strategic management strategies have an impact on the efficiency of SACCOs in Kakamega County, according to research by Sikhoya and Muteshi (2020). Odhiambo (2015), meantime, looked at how the success of big tea businesses in Kericho was affected by the way in which their strategies were put into action. Allocation of resources, assessment of organizational capabilities, creation of an implementation plan, dissemination of strategy to all employees, and monitoring of external conditions were all envisioned as part of the strategy's execution. This study's focus is on quick-service restaurants in Nairobi, Kenya. Mathore's (2016) research aimed to learn how Diamond Bank in Kenya fared when a strategic shift was made. Because the research only focused on one firm, the results cannot be generalized. The inclusion of 33 more companies in this analysis broadened the scope of the investigation significantly. Kyalo (2015) concentrated their research on the effect that the execution of strategy had on the success of the KCB Group in Kenya. Data

was collected from 10 senior management positions at KCB using a case study research design and in-depth interviews as data collection methods. Businesses in Nairobi, Kenya's Central Business District (CBD) were studied by Njagi and Kombo (2014) to ascertain the effect strategic planning had on their productivity. Sasaka, Namusonge, and Sakwa (2014) investigated the impact of strategic management on the corporate social responsibility (CSR) outcomes of parastatals in Kenya. This study addressed these gaps by examining the following question: How do strategic management techniques affect the productivity of quick-service restaurants in Nairobi County?

#### 1.3 Research Objective

The research objective was to determine the influence of strategic management practices on the performance on Quick Service Restaurants in Nairobi County.

#### 1.4 Value of the Study

The results of this research are useful for the following communities: This study's findings will instantly inform upper-level management about the impact of tactical management techniques on productivity. This will be useful since it assists them in regulating the execution and fulfillment of their plans in a lot more effective manner. Additionally, it will be able to include the potential risks that will be encountered in the course of their operation, which will make it more useful.

This research may help policymakers understand the dynamics of the service sector and develop strategies to govern it, as well as measures for reducing risk during plan implementation.

The research will provide new information to scholars in the fields of strategic management and performance. The results of this study have the potential to serve as a springboard for additional research that could improve and broaden the scope of the current investigation, especially in Kenya.

#### **CHAPTER TWO: LITERATURE REVIEW**

#### 2.1 Introduction

The review of both theoretical and empirical literature is the primary emphasis of this chapter. In particular, it provides a review of several ideas that are pertinent to the investigation. It also emphasizes related research that has been done in the past on themes comparable to those being explored here. As an added bonus, this chapter also outlines the conceptual framework and gives a brief synopsis of the previously addressed research as well as gaps in the study.

#### 2.2 Theoretical Foundation of the Study

The study finds four dominant schools of thought within the discipline of strategic management: the profit-maximizing and competition-based theory, the survival-based theory, and the resource-based theory.

#### 2.2.1 Profit Maximizing and Competition-Based Theory

Adam Smith is credited as being the first person to put up the idea of competition leading to increased profits in his book "The Wealth of Nations" (Lynch, 2000). According to this school of thinking, a company's principal objective should be to maximize its long-term profitability and maintain a strategic edge over its competitors. The industrial-organizational approach, upon which the maximizing of profits hypothesis is based, holds that a company's place in the market at large is crucial to gaining and retaining an edge. Strategic management has traditionally benefited from the industrial organization perspective, which offers a rigorous framework for assessing industry competitiveness (Porter, 1981).

Keeping a step ahead of the competition usually requires keeping up a high degree of efficiency inside a business. According to this school of thought, a company's success depends on its capacity to create and execute plans that increase its long-term profitability. A long-term edge over rival businesses is the ultimate aim of these plans (Baker and Duhaime, 1995). The concept is particularly useful when used to turn around an existing business. The goal of every business that implements a plan to "turn things around" is to improve what has been a negative trend in the company's financial status.

#### 2.2.2 Survival –Based Theory

Herbert Spencer was the one who first proposed the survival-based hypothesis (Khairuddin, 2005) He put out the idea that in order for organizations to endure, they need to continually adjust to the changing conditions of their surroundings. Herbert Spencer believed that the only way for organizations to thrive was for them to adapt to their surroundings and remain relevant. Production of the greatest quality product in the quickest time with the lowest feasible resource use is essential for the survival of that firm (Khairuddin, 2005). An organization cannot succeed by pursuing just one strategy, and our method confirms that belief. They have to settle on a strategy that will get the job done, and the most efficient plans are the ones that can be modified to fit the current conditions (Lynch, 2000).

Turnarounds are another application of the concept, since many of the problems that firms face are the consequence of inefficient processes and may be remedied by simply making those processes more efficient. For an organization to undergo a turnaround, its management must be restructured so that it can better respond to changes in its external environment. A company's ultimate objective should be to survive and increase profits in a competitive market, and one way to do so is to become more efficient in that market (Baker and Duhaime, 1995). Thus, the survival-based strategy stresses the importance of a company's ability to adapt to its environment.

#### 2.2.3 Resource-Based View Theory

To achieve a sustainable edge over the competition, businesses might benefit from adopting the Resource-Based View (RBV) management paradigm, which involves a comprehensive inventory of all the available strategic assets. An innovative approach to acquiring an advantage in the marketplace emerged in the 1980s and 1990s, thanks in large part to the work of Barney (1991). The thesis proposes that businesses should search inside themselves rather than their external surroundings for competitive advantage. RBV claims that companies may take use of a wealth of tools, some of which give them an initial foot up in the marketplace while others help them maintain their success over time. Possessing unusually expensive goods might provide a sustainable advantage. Success in business is proportional to a company's capacity to guard its assets from being stolen, duplicated, or replaced.

Resources play a crucial role in the RBV model's prediction that organizations will improve their performance (Zahra, Sapienza, and Davidson, 2006). Physical and immaterial assets are the two categories of resources. Real property is an example of a tangible asset. Assets that may be touched and felt include land, buildings, machinery, equipment, and money. Corporations can get the necessary materials with little difficulty in today's markets. Therefore, they provide minimal benefit to the businesses over the long term. This is due to the fact that similar assets may be acquired by other firms, creating a level playing field. All assets that can't be touched or seen are considered intangible. Nonetheless, these assets might be owned by a business. Brand recognition, trademarks, intellectual property, etc., are all types of intangible assets. Intangible assets, like brand recognition or customer loyalty, take far longer for businesses to develop. Therefore, other companies have a hard time acquiring these assets on the open market. Intangible assets are often housed internally within a corporation. Therefore, intangible assets are crucial to a business's ability to compete in the marketplace. Frequently, a company's intangible assets are the primary driver of its ability to maintain an edge in the marketplace.

Two essential requirements of RBV are that resources be both diverse and stationary. First, it is assumed that different types of businesses have different sets of talents, competencies, and other resources. When businesses' resource profiles are comparable to one another, they will be unable to use techniques that provide them a competitive advantage over one another. It would be easy for another firm to mimic the actions of the first. This results in businesses gaining no strategic advantage. That's the "ideal competition" case we're talking about. RBV's second premise is that resources are immobile and don't switch hands between firms quickly or often. Because of this inability, businesses are unable to copy the assets and tactics of their competitors. Intangible resources, such as brand equity, procedures, expertise, and intellectual property, are often fixed in place.

#### 2.3 Empirical Literature and Research Gaps

While every company's strategy should be tailored to its unique circumstances, studies have shown that those businesses who adhere to best practices in strategic planning are more likely to reap the rewards of their efforts. Strategies, plans, and the organizational structures and processes that help with strategy deployment, alignment, and management are all subjects that best practices in strategic management cover (Abaris, 2008).

SMEs owners in Indonesia and elsewhere across the world are increasingly under pressure from fluctuating consumer demand and fiercer competition to adopt a more strategic approach to running their companies (Omsa, Ridwan, & Jayadi, 2017). In order to improve the marketing and financial performance of their companies, owners of businesses need to have a solid understanding of how SMEs may be managed. Experts in strategic management urge businesses of all sizes, including small and medium-sized firms, to use a variety of strategic management methods so their organizations may successfully compete in their respective markets (Anyieni, 2013).

It is recommended that all organizational managers, regardless of the size of their organizations, participate in strategic planning since it is seen as an activity that looks into the future. When a corporation has a well-developed and well implemented strategic plan, it often has fewer challenges when responding to changes in its external environment (Aldehayyat, 2015). In order to survive in the present climate, the organization must effectively adapt its activities to the volatile and uncontrolled forces of the external environment. One must take into consideration the influence of these factors while making decisions (Bahr, Pieer, & Sakka, 2017). Companies make modifications to their strategic action planning and implementation to take into account the wide range of external factors. Strategic planning, as described by Allison (2013), allows businesses to prepare for potential shifts in their industry and build a proactive reaction, rather than reacting to threats or unforeseen barriers that have a detrimental impact on the organization. Further, strategic planning enables the company to be proactive rather than reactive.

According to Anyieni (2013), during the course of history, companies have taken a variety of approaches to the activity of planning. The computation of goals, ideas, and resources within the permissible limitations of risk in order to produce more favorable results than might otherwise exist by chance is what is understood to be the essence of planning at each and every level. It is also made clear that strategic planning may be seen as both an art and a science that seeks to develop and use national power instruments in a coordinated and integrated fashion, all with the end aim of attempting to realize predetermined objectives. Garg and Goyal (2012) state that businesses heavily rely on strategic planning as a crucial part of their overall strategy. It's a way to steer the company in the right direction and help it grow over time by prioritizing resource

allocation in light of its strategic goals. The facet of the company's strategic planning that is concerned with determining the specific actions that need to be taken in order to ensure a seamless transition from the present state of the organization to the upcoming challenges in the business environment encompasses the full range of questions and concerns pertaining to these actions (Donkor & Kwarteng, 2018). It's crucial to remember, however, that strategic planning seldom goes smoothly from one phase to the next, since introducing new ideas at any stage in the process might alter decisions that have previously been made.

The process of strategic management is one that is ongoing and serves to analyze and exercise control over the firm's operations as well as the sectors in which the organization is active. Sustainable strategic management firms design, execute, and assess their strategies with an eye on environmental responsibility by examining their ecological challenges, their values that encourage sustainability, and their stakeholders' ecological interests (Mohamud, et al 2015). The concept of "firm performance" originates with the view that a business is a group of individuals who have agreed to work together voluntarily to combine their expertise, experience, and resources in pursuit of a shared objective (Rumelt, 2011). As defined by Richard (2008), organizational performance consists of three main areas of firm outcomes: financial performance, including profits, return on assets, and return on investment; market performance, including sales and market share; shareholder return, including total shareholder return and economic value added; and employee performance.

According to Sushil (2018), the process of putting a plan into action encompasses all facets of management work, including issues of motivation and pay, as well as the control process and managerial activities. Far if it is tough for any management team to develop a consistent plan, it is even more challenging to make that strategy successful and to apply it across the whole firm. According to Yoshikuni and Albertin (2018), there are a wide variety of elements that have the capacity to influence the process by which organizational plans are translated into actions. In contrast to the process of strategy creation, strategy implementation is often seen as more of an art than a science, and the study on it has traditionally been characterized as being eclectic and disjointed.

According to research by Sikhoya and Muteshi (2020), the effectiveness of SACCOs in Kenya's Kakamega County Government is influenced by strategic management practices. The scientists found out about this. Two hypotheses guided the investigation: the dependency on external resources and the delta hypothesis. The study mostly made use of descriptive research. The study's findings suggested that Saccos' success in Kakamega County, Kenya's governmental structure improved significantly after officials appraised and developed strategies to improve their operations. The research found that if SACCOs in County government Kakamega wanted to keep their large customer base and growing market share, they would have to improve their strategy assessment procedures. SACCO follows these procedures by, among other things, setting monthly objectives for important departments and comparing their performance to specified quantitative benchmarks on a regular basis if necessary to modify unproductive techniques.

Odhiambo (2015) studied how strategy affected the success of tea enterprises in Kericho. The study's objectives were met through the use of descriptive research with a sample size of 34 managers from different tea companies. It was expected that the company's success would be measured by metrics like customer satisfaction, worker output, product quality, on-time delivery, and employee retention. The execution of the strategy was conceived of in terms of the allocation of resources, the assessment of organizational capabilities, the creation of an implementation plan, the communication of the strategy to all workers, and the monitoring of environmental elements.

In order to learn how the adoption of business strategies impacts an organization's overall performance, Mathore (2016) studied the Diamond Bank in Kenya. This investigation made use of the case study approach of research. Five separate managers were interviewed using a predetermined set of questions. The interviewees indicated that the strategy implementation did, to some extent, influence the organizational performance when discussing the manner in which strategy implementation influenced organizational performance. However, the interviewees also mentioned the necessity of having the appropriate strategies formulated in the first place, which was a point that was brought up multiple times.

Kyalo (2015) focused their study on how the KCB Group in Kenya's performance improved after they implemented a new strategy. In order to obtain data from 10 members of KCB's senior

management, a case study research approach was used, and in-depth interviews were conducted. The majority of KCB respondents agreed that strategy implementation factors were the most influential in determining the group's success. Aspects of performance like as profitability, employee happiness, product innovation, organizational process efficiency, and staff turnover were among those that were affected by the adoption of the plan. This current research intended to bridge a methodological vacuum that was shown by the previously reviewed study. The previously reviewed study was a case study and relied on qualitative data, which prevented the findings from being generalized to a larger population. The present research used a quantitative approach to its methodology. The research is also based on the performance of the KCB group; hence, it is contextually distinct from this other study, which is carried out among supermarkets.

Njoroge looked at how C.B.D. businesses in Nairobi benefited from strategic planning (2018). Focusing on companies in Nairobi's Central Business District that provide event planning services was a main goal of the research. The researchers in this study choose to use a descriptive method. Moreover, a non-probabilistic technique known as purposive sampling was used to establish the sample size. We used standardized questionnaires to obtain primary data. Both descriptive and inferential statistics were run with the SPSS software. Regression and correlation analysis were used for inferential analysis, and both showed that strategic planning had an impact on performance and was linked to performance. This study's findings suggest a robust relationship between strategic planning and organizational effectiveness. It was recommended that organizations follow the guidance and think through each step of the strategic planning process to improve performance.

Ali and Wambua (2019) reexamined the strategic management practices and overall effectiveness of the Kenyan government in Mandera County. The study's primary goal was to ascertain whether or not the use of strategic management techniques improved the efficiency of the Kenyan government in charge of Mandera County. The descriptive survey approach was used for this research, and there was a population of seventy workers that was focused on. The information was gathered via the use of pre-designed questionnaires. In order to conduct the analysis of the gathered information, SPSS was used. Both inferential and descriptive analysis were a part of the investigation. Descriptive analysis emphasized numerical comparisons of variables, whereas

inferential research relied on correlation and regression to assess significance. According to the

results, the use of technology was directly responsible for the formation of new services, functions,

and partnerships with other organizations. The findings led to the conclusion that it is essential for

businesses to engage in strategic planning in order to assist them in better organizing themselves.

According to the results of a survey performed by Afrah (2019), which examined the effect of

strategic management techniques on the financial success of SMEs in Mogadishu, 92 individuals

offered their opinions. A questionnaire with a predetermined format was developed for the main

data collection. Inferential and descriptive statistical methods were used throughout the process of

data analysis. Strategic planning, strategic implementation, and cultural norms were shown to have

significant impacts on the performance of SMEs in Mogadishu. There was a significant correlation

between strategic planning and improved business outcomes.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Methodologies for doing research using data were discussed in this chapter. In particular, the

chapter describes the research design, the participants in the study, the methods of data collecting,

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and the results of data analysis. The topics covered in this chapter took into account the goals of the research.

# 3.2 Research Design

This research made use of a descriptive and cross-sectional survey design. In order to gather information about a population at a specific time, cross-sectional survey techniques were frequently used. A cross-sectional descriptive survey was suitable for this purpose because it allowed researchers to gauge the kind and extent to which strategic formulation, strategic planning, and strategy implementation affected performance (Saunders, 2002).

#### 3.3 Population of the Study

This research focused on the fast food establishments that are located in Nairobi County and its population. The research looked at all of the fast food establishments that could be located within the boundaries of the governmental entity known as Nairobi County. Eat out Kenya (2022) and Catering and Tourism Development Levy Trustees (2021) report that there are 33 quick service restaurants (QSR) in Nairobi. They are dispersed around the city in many distinct neighborhoods. The best approach would have been to conduct a census survey of all the establishments. The administration managers of the fast food establishments listed in Appendix I that are located in Nairobi County made up the respondents to this survey.

#### 3.4 Data Collection

The initial stage of the research was collecting primary data. A very structured questionnaire was used to compile the data. In an effort to streamline data collection, the questionnaire only included yes/no questions. The questionnaire was selected because it could be readily disseminated to a large sample size. The questionnaire was broken up into parts that focused on performance, strategic management techniques, and demographics respectively. There were 3 main sections to this questionnaire. The demographics data was shown in the report's first part. The remaining questions in this exam covered various facets of strategic management. Last but not least, the survey asked respondents to rate the quality of service provided by QSRs based on criteria established by BSC (Appendix I). The researcher used an interview format to distribute and collected responses for the questionnaire. This resulted to time savings as well as an increase in the response rate.

#### 3.5 Data analysis

According to Burns and Grove (2003), data analysis is the process by which researchers reduce and organize large amounts of raw data into manageable chunks before interpreting the results. Data processing tasks such as coding, editing, data entering, and monitoring must be performed. In order to explain the findings and provide a description of the data, descriptive metrics of dispersion and central tendency for example the means and the standard deviations, were used. Data analysis was performed in SPSS. By use of linear regressions, we examined the network of associations between our independent variables and the variable of interest.

#### 3.5.1 Analytical Model

 $Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\epsilon$ 

Where:-

Y = represents the dependent variable, firm performance (Balance Score Card)

β<sub>0</sub>... β<sub>4</sub> are the Regression Coefficient

 $X_1 = Strategy Formulation$ 

 $X_2$  = Strategy Implantation

X<sub>3</sub> = Strategy Evaluation

 $\epsilon$  = Stochastic term

The independent variables Strategy Formulation(X<sub>1</sub>), Strategy Implantation (X<sub>2</sub>) and Strategy Evaluation(X<sub>3</sub>) are captured as the indicators of strategic management practices.

# CHAPTER FOUR: DATA ANALYSIS, RESULTS AND

#### INTERPRETATION

#### 4.1 Introduction

This chapter is primarily concerned with the discussion and interpretation of the findings that were provided in the prior chapter. The analysis of the data is also a primary topic. It is broken up into three sections, which are as follows: the interpretation and discussion of the results, the diagnostic tests, and the inferential statistical analysis.

#### **4.2 Response Rate**

The demographic target for this research was all 33 QSRs, as shown in Appendix I, and a census was carried out to gather information on the establishments under investigation. Despite this, the researcher was unsuccessful in obtaining data from two other companies. For the purpose of doing the analysis, the research utilised information from 31 QSR. One possible explanation for the high response rate is that the information that was sought for and taken into consideration was easily accessible. This meant that the data points of 31 which were sufficient to support regression analysis that needs above 30 units. As a result, the study's findings can be adequately analyzed with a 94% response rate.

#### 4.3 Reliability Test

Cronbach's statistics were utilized to conduct the reliability analysis for the research. If an alpha score is greater than 0.7 in Cronbach, it indicates that the data were trustworthy. The results are shown in the table 4.1 below.

Table 4.1: Reliability Test Cronbach's Alpha

Cronbach's Alpha	N of items
0.908	31

Cronbach's alpha for this data set is 0.908, much over the threshold of 0.7 that indicates reliability.

#### 4.4 Descriptive Statistics

The findings on the descriptive statistics on the variables of the study are as indicated in Table 4.2.

**Table 4.2: Summary of Descriptive Statistics** 

	N	Minimum	Maximum	Mean	Std. Deviation
SF	31	4.10	4.80	4.9067	.20940
SI	31	3.50	4.60	4.4889	.32670
SE	31	4.00	4.70	4.4097	.21347
BSC	31	4.50	5.00	4.7935	.16919
Valid N (listwise)	31				

Table 4.2 indicates that strategic formulation had a mean of 4.9067, the mean of 4.10 snd the maximum 4.80 while the standard deviation was 0.2094. Strategic implementation and strategic evaluation had means and standard deviations of 4.4889, 4.1014, 0.6270 and 0.21347 respectively. It means that the restaurants which were studied had implemented and are evaluating strategic management practices. The balance score card had a mean of 4.7935 and a standard deviation of 0.16919 which means that most of the restaurants are actually using the BSC a measure of performance.

#### 4.4.1 Strategy Formulation Descriptive Statistics

The survey participants' thoughts were sought on how the different components of human capital were perceived. To help clarify strategy formation, we asked respondents to indicate how much they agreed with a series of assertions. All responses were recorded on a five-point likert scale (1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly agree), and the average level of approval was calculated by tabulating the means and standard deviations of the responses to each statement in descending order of means. A summary of the findings is provided in table 4.3.

Table 4.3: Means and standard deviations for measures of Strategy Formulation

Strategy Formulation	N	Mean	Standard
			Deviation
The vision is clear and well formulated	31	4.84	0.73
The mission statement is clear and well formulated	31	4.95	0.12
There are organizational values in place	31	4.87	0.14
The company has clear strategic objectives	31	5.00	0.05
There are clear operational objectives	31	5.00	0.01
The operational objectives are clear and understandable	31	5.00	0.16
There are adequate financial resources for strategic planning	31	4.90	0.66
We are equipped with sufficient technical means for long-term planning.	31	4.60	0.88
We use a very systematic approach to strategic planning that is guided by a dedicated planning handbook.	31	5.00	0.54
Grand Mean		4.91	

The results indicate that organizations in the fast food restaurants consider strategy formulation in there processes (mean=4.91, standard deviation= 0.367), the companies have clear strategic objectives and understandable operational objectives.

# **4.4.2 Strategy Implementation Descriptive Statistics**

The respondents indicated the various aspects strategy implementation. The responses were captured in a five point likert scale (1=Strongly disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly agree)) also, the average degree of approval was calculated by tallying up the replies to a series of statements and then tabulating the results in decreasing order of mean values. Results are shown in table 4.4.

Table 4.4: Means and standard deviations for measures of Strategy Implementation

Strategy Implementation	N	Mean	Standard
			Deviation
The way we see the world is consistent with lean operations.	31	4.52	0.79
Strategic planning and decision-making are intertwined in a meaningful	31	4.53	0.65
way.			
Before making any major moves, we ensure that everyone is on the	31	4.51	0.52
same page with our strategic strategy.			

All of our personnel are in constant contact with one another.	31	4.40	0.25
Our interactions with the general population are quite efficient.	31	4.34	0.14
Employees have received enough training.	31	4.25	0.35
Leadership is dedicated to realizing our goal.	31	4.61	0.67
We have the backing of upper management as we carry out our	31	4.72	0.16
strategic objectives.			
The lower-level employees here are totally dedicated to helping us	31	4.52	0.74
realize our mission.			
Grand Mean		4.89	

From the above table 4.4 there is an indication that strategy implementation is well adopted by the fast food restaurants in Nairobi County with an overall mean of 4.89 and a standard deviation of 0.474.

# **4.4.3 Strategy Evaluation Descriptive Statistics**

The respondents captured their opinion on the strategy evaluation adopted by fast food restaurants using a likert scale with rating from 1 to 5, with 1 as strongly disagree and 5 strongly agree.

Table 4.5: Means and standard deviations for measures of Strategy Evaluation

Strategy Evaluation	N	Mean	Standard
			Deviation
Contributions to the strategic plan's completion are heavily weighted	31	4.25	0.58
in the appraisal of subordinate employees.			
Executive performance is primarily measured by how well they	31	4.35	0.25
contributed to completing the strategic strategy.			
To assess the effectiveness of a certain tactic, you have sufficient time.	31	4.14	0.45
Strategic assessment is conducted according to established protocols.	31	3.92	0.15
We are in complete command of the execution phase.	31	3.84	0.26
Our strategic plans are evaluated at appropriate times.	31	4.05	0.52
Our established organizational structure facilitates the execution of	31	4.16	0.66
our strategic goals.			

Grand Mean	4.10	

The strategy evaluation had a mean of 4.10 with a standard deviation of 0.3188 which indicated that most of the restaurants have embraced it. The evaluation of lower staffs indicated that the mean was 4.25 with a standard deviation of 0.58. The top managers do more of the evolution and monitoring with a mean of 4.35 with a standard deviation of 0.25.

#### 4.4.4 Balance Score Card Descriptive Statistics

A questionnaire was developed to assess fast food restaurants in Nairobi County, Kenya, taking into account the four perspectives of the balance score card: financial, customer satisfaction, internal business process, and training and development. The results are summarized in Table 4.6 below.

Table 4.6: Means and standard deviations for measures of Balance Score Card

Financial Performance Perspective	N	Mean	Standard Deviation
Financial reports are generated each year by the QSR.	31	4.85	0.75
Quick service restaurants use financial measures to measure success.	31	4.52	0.15
A significant indicator of success is the QSR's calculated financial ratios.	31	4.54	0.46
Accounting for and controlling overhead expenses is an important part of the quick-service restaurant's financial picture.	31	4.52	0.75
BSC data is useful for managers looking to boost revenue.	31	4.57	0.36
When managers use the data provided by BSC, they are able to better control expenses.	31	4.60	0.57
BSC data allows workers to better use the company's resources.	31	5.00	0.16
Mean		4.66	
Customer Satisfaction Perspective			
Contributions to the strategic plan's completion are heavily weighted in the appraisal of subordinate employees.	31	5.00	0.25
Executive performance is primarily measured by how well they contributed to completing the strategic strategy.	31	4.10	0.15
To assess the effectiveness of a certain tactic, you have sufficient time.	31	4.25	0.85
Strategic assessment is conducted according to established protocols.	31	4.36	0.75
We are in complete command of the execution phase.	31	4.58	0.26

Our strategic plans are evaluated at appropriate times.	31	4.37	0.43
Our established organizational structure facilitates the execution of	31	4.50	0.64
our strategic goals.			
Mean		3.90	
<b>Internal Business Processes Perspective</b>		<b>.</b>	1
Managers have been able to reduce the wait time for customer	31	4.58	0.62
service thanks to data gathered by BSC.			
The technology used has contributed to enhanced client	31	4.70	0.55
management.			
Incorporating this technology into operations has improved	31	3.95	0.47
management.			
Those working with the system report that it is intuitive and easy to	31	3.80	0.25
navigate.			
Mean		4.26	
<b>Learning and Growth Perspective</b>		•	
Managers have been able to use BSC data to train and develop their staff members.	31	4.95	0.81
Insights from BSC have been used to raise the level of satisfaction among workers, which has benefited management.	31	5.00	0.72
The quick-service restaurant helps its workers grow by providing them with opportunities like student loans.	31	4.90	0.46
Staff members like working at QSR, and the company recognizes	31	3.85	0.65
and promotes exceptional workers.			
Managers have been able to use BSC data to train and develop	31	4.30	0.24
their staff members.			
Mean		4.60	

As indicted in the above table 4.6 there is an indication that most of the restaurants are using various indicators of balance score card as measure of performance. Financial performance perspective had the highest mean of 4.66 with a standard deviation of 0.356 which shows that most of the firms were using it. It was followed by learning and growth perspective which had a mean of 4.60 with a standard deviation of 0.320. Internal business processes had a mean of 4.26 and a standard deviation of 0.210. Customer satisfaction perspective had the least mean of 3.90 and a standard deviation of 0.370.

#### 4.4.5 The Demographic Information

Table 4.7: Gender

FACTOR FREQUENCY PERCENTAGE
-----------------------------

Male	18	58	
Female	13	42	
TOTAL	31	100	

## **Source: Research Findings (2022)**

The figure 4.7 points out the highest number of respondents were male with 18(58%) while 13(42%) were female respondents. The results pointed out that bulk of the respondents constituted male respondents.

# 4.4.5 The Demographic Information

In addition to gender and response rate, we also considered respondent age. Twelve respondents (39%) were between the ages of 21 and 30, and eight (26%) were in the 31-40 year age range. In addition, 16%(5) and 19%(6) were, respectively, between the ages of 41 and 50 and above 50 years old, as shown by the data.

**Table 4.8: Age of Respondents** 

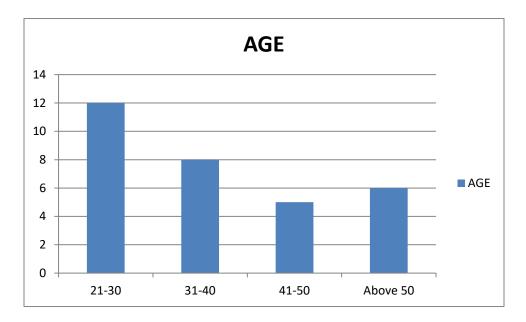
FACTOR	FREQUENCY	PERCENTAGE	
21-30	12	39%	
31-40	8	26%	
41-50	5	16%	
Above 50	6	19%	
TOTAL	31	100%	

**Source: Research Findings (2022)** 

This results indicates that majority of the respondents were drawn from the age group of 21 - 30 years.

Figure 4.1: Age of Respondents

21-30 years [] 31-40 years [] 41-50 years [] above 50 years []



From the above figure there is an indication that the majority of the respondents were in the age group 21-30 years while the least was between the age group of 41-50 years.

# 4.5 Diagnostic Tests

The study carried out diagnostic tests to validate the regression model so as to make informed inferences and deductions. The specific diagnostic tests performed include multicollinearity test, normality test, autocorrelation test and heteroskedasticity. Multicollinearity test was done using Variance of Inflation factors (VIF) with the threshold taken as 1-10. Durbin Watson test was used to determine presence of autocorrelation. For heteroskedasticity, the study used scatter plots while normality test will be done using normal PP plots.

## 4.5.1 Multicollinearity Test

Multicollinearity was tested through the user of VIF values as indicated in Table 4.2.

**Table 4.9: Multicollinearity Test** 

	Collinearity	Statistics
	Tolerance	VIF
Strategy Formulation	.985	1.127
Strategy Implementation	.862	1.139
Strategy Evaluation	.826	1.082

a. Dependent Variable: Balance Score Card

The results in Table 4.9 are that the VIF values of strategy formulation, strategy implemtation and strategy evaluation were 1.127, 1.139 and 1.082 internet banking, bank size and regulatory framework were 1.117, 1.039 and 1.080. According to Rahbar (2016), multicollinearity is not present in the data if the VIF is between 1 and 10. Therefore, the study's data were free of multicollinearity and could be utilized in a regression analysis.

# **4.5.2 Normality Test**

Kolmogorov-Smirnova and Shapiro-Wilk was used to test for presence of normality with the findings as summarized in Table 4.10.

Table 4.10: Normality Test

One-Sample Kolmogorov-Smirnov Test

		SF	SI	SE	BSC
N		31	31	31	31
Normal Parameters <sup>a,,b</sup>	Mean	4.5581	4.0839	4.4097	4.7935
	Std. Deviation	.20940	.32670	.21347	.16919
Most Extreme	Absolute	.160	.150	.192	.160
Differences	Differences Positive		.150	.120	.111
	Negative	160	124	192	160
Kolmogorov-Smirnov 2	.891	.833	1.067	.893	
Asymp. Sig. (2-tailed)		.405	.491	.205	.403

a. Test distribution is Normal.

#### b. Calculated from data.

Table 4.10 indicate the p-values for strategy formulation, strategy implantation, strategy implantation and balance score card under Kolmogorov-Smirnov and Shapiro-Wilk are all above 0.05, (p>0.05). Xie, Hong, Laing and Kang (2017) shared those p-values are above 0.05, the presence of normality is assumed in the data.

#### 4.5.3. Autocorrelation Test

The study conducted Durbin Watson test to determine presence of serial correlation in the data as indicated in Table 4.11

**Table 4.11: Durbin-Watson of Autocorrelation** 

Model	Durbin-Watson
1	2.018 <sup>a</sup>

There was no serial correlation in the data, as shown by the Durbin Watson Statistic value of 2.018 in Table 4.4. As a result, regression analysis may be carried out on the study's data.

# 4.6 Correlation Analysis

Pearson's product-moment correlation coefficient, abbreviated as R, is a measure of the linear strength of a connection between two variables. A value between +1 and -1 is assigned to Pearson's r coefficient. Zero shows no correlation between the given numbers. A positive correlation between the two variables exists if and only if the value is larger than zero. When the correlation coefficient is negative, one variable causes the other to decrease as one increases.

The Pearson correlation coefficient is a statistical method for evaluating the degree to which two variables are linearly related to one another. The r value, often known as Pearson's r, is the correlation coefficient. The definition of a correlation matrix is provided in Table 4.12.

**Table 4.12: Correlation Matrix** 

#### Correlations

		Strategy Formulation	Strategy Implantation	Strategy Evaluation	Balance Score Card
Strategy Formulation	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	31			
Strategy Implantation	Pearson Correlation	.638**	1		
	Sig. (2-tailed)	.000			
	N	31	31		
Strategy Evaluation	Pearson Correlation	.912**	.676**	1	
	Sig. (2-tailed)	.000	.000		
	N	31	31		
Balance Score Card	Pearson Correlation	.811**	.631**	.759**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	31	31	31	31

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

Table 4.12 indicate that Strategic formulation (r=.811) had a strong and positive relationship with performance as measure by balance score card. The study also noted that strategic implantation had an average (r=.631) had an average and positive relationship with balance score of fast food

restaurants in Nairobi County. It was also noted that Strategy Evaluation (r=.759) had strong and positive relationship with balance score card of fast food restaurants in Nairobi county.

# **4.7 Regression Analysis**

The research team in this study set out to connect the dots between the strategic management techniques used by fast food restaurants in Nairobi County and their bottom lines. As a means of quantifying the breadths of the research's numerous regressions, the investigation made use of the SPSS. The questionnaires were used in the study to assess both the independent factors and the variables that were dependent on the independent variables.

## **4.7.1 Model Summary**

The model summary indicates the summary of the regression analysis as pointed out in the regression model. The outcomes are in the table 4.13 below;

**Table 4.13: Model Summary** 

			Adjusted R	Std. Error of
Model	R	R Square	Square	the Estimate
1	.824ª	.679	.644	.10101

a. Predictors: (Constant), SE, SI, SF

According to the summary of the model (Table 4.13), there was a convincing connection between the variables that were dependent and those that were independent. The value of R Square was 0.679, which indicates that 67.9% of the changes in performance are characterized by the independent variables for the research, which are strategy design, strategy implantation, and strategy assessment of fast food businesses in Nairobi County.

**Table 4.14: Regression results** 

		Unstandardize Coefficients	ed	Standardized Coefficients		
Model		В	Std. Error	Beta	t	Sig.
1	(Constant)	1.852	.406		4.560	.000
	SF	.550	.215	.681	2.561	.016
	SI	.399	.077	.191	1.289	.008
	SE	.417	.220	.208	1.030	.007

a. Dependent Variable: BSC

The Beta coefficients determine of the input of every variable to the model. A great value points out that a unit variation in this predictor variable bears a great influence on the criterion variable. The Regression coefficient value of SF was 0.550, SI was 0.399 and SE was 0.417. The p-values were less than .05.

Regression analysis is performed using of an econometric model below.

 $Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\varepsilon$ 

Where:-

Y = represents the dependent variable, firm performance (Balance Score Card)

β<sub>0</sub>... β<sub>4</sub> are the Regression Coefficient

 $X_1 = Strategy Formulation$ 

 $X_2$  = Strategy Implantation

X<sub>3</sub> = Strategy Evaluation

 $\epsilon$  = Stochastic term

Therefore:

 $Y = 1.852 + 0.550X1 + 0.399X2 + 0.417X3 + \epsilon$ 

According to the regression equation, fast food restaurant performance is at 1.852 when all three strategic processes are held constant at zero; a one-unit increase in strategic formulation leads to a 0.550 improvement in performance as measured by BSC; a one-unit increase in strategic implementation leads to a 0.399 improvement in performance; and a one-unit increase in strategic evaluation leads to a 0.550 improvement in performance.

Table 4.15 ANOVA

Model		Sum of Squares		Mean Square	F	Sig.	
1	Regression	.583	3	.194	19.054	$.000^{a}$	
	Residual	.275	27	.010			
	Total	.859	30				

a. Predictors: (Constant), SE, SI, SF

b. Dependent Variable: BSC

Table 4.15 displays the results of an analysis of variance (P- value of 0.000), indicating that there is a correlation between the independent variable and the predictor factors (strategic formulation, strategic execution, and strategic assessment). An F ratio is calculated which denotes the change between the groups, as a ratio of the change in the groups. A greater F ratio (F- value of 19.054) points out that there exists higher changeability between the groups attributed to the independent variable compared to in every group, called the error term with a P estimate of 0.000 which below the 0.05 level of significance.

#### 4.8 Discussion of the Findings

The results of the multiple linear regression analyses demonstrate that each independent variable has a positive coefficient. Performance is positively correlated with all of the independent variables, as shown by the regression analysis (strategic formulation, strategic implementation and strategic evaluation). The results suggest that there is some kind of link between the various parts of the investigation. The R-Squared score of 0.679 indicates that 67.9% of the variation in outcomes can be attributed to the independent variables that were studied. Strategies for fast food restaurants in Nairobi County are evaluated in three ways: before, during, and after their implementation.

The study's primary goal was to determine whether the strategic management practices of the fast-food firms studied had any effect on the companies' levels of organizational performance in Nairobi County. This was accomplished by the use of multiple regression analysis to the data, which allowed us to establish causal relationships between the strategic management approaches

adopted by fast food chains and their financial outcomes. It was discovered that the performance of fast food restaurants in Nairobi county had a significant relationship with the strategies of strategy development ( $\beta$  =.399, R2 = 0.191, p<0.05), and strategy evaluation ( $\beta$  =0.417, R2 = 0.208, p<0.05). These conclusions were validated by prior investigations, both theoretical and empirical (Otieno, 2013).

#### **CHAPTER FIVE**

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

From the data obtained in the previous chapter and the review of the relevant literature, this chapter presents commentary, conclusions, and recommendations. In this discussion, we will dissect the results of strategic management practices on the output of fast food joints in Nairobi County. In addition, the section offers recommendations that may be made to fast food establishments and other similar companies based on the findings.

#### **5.2 Discussions**

According to the results of the research, strategic management techniques have a favorable and substantial relationship to performance as determined by the BSC. According to the findings of the research, effective strategic management is necessary for performance. Strategic management, which provides overarching guidance, involves the creation of plans, policies, and strategies with the ultimate objective of achieving those goals, and the subsequent allocation of resources to put those strategies into effect. The end objective of every strategic management effort is to provide an advantage over rival firms.

According to the results of the study, strategic management is described as the continual planning, monitoring, analysis, and evaluation of all of the components that are essential for an organization to fulfill its goals and objectives. Given the dynamic nature of the modern business landscape, it is essential that companies regularly assess the efficacy of their current approaches to success. According to the results, many strategic management approaches are geared toward educating top-level executives on how to identify and explain the steps they can take to advance their company's performance and competitive standing. According to the conclusions of the study, strategic supervisors should design effective strategies in order to alleviate the consequences of a severe economic crisis, organizational cycles, severe financial decline, or corporate dysfunction. The management need to design a plan that will be of aid to the company both in the near term and in the long run.

According to a study, the majority of the companies that were evaluated use different strategic management methods such as the design, execution, and assessment of their strategies. Nearly all of the fast food restaurants that were part of the study regularly obtained and evaluated data on their internal and external environments, with the majority of businesses (60%) doing so on a yearly basis. All of the analyzed quick service restaurants had mission and vision statements, however only 90 percent of QSRs had them written down. The majority of quick-service restaurants' (64%) upper management was responsible for drafting the company's mission and vision statements.

#### **5.3** Conclusion

Quick-service restaurants (QSR) have a significant impact on employment, economic growth, the acceleration of industrialisation, the reduction of poverty, and the general improvement of the country's infrastructure. Because of the limitations placed on their resources, QSR companies are often hesitant to implement strategic management approaches. However, the findings of this research indicate that the majority of QSRs are using some facet of strategic management philosophy. Now more than ever, QSR is embracing strategic management methods in connection to the creation, execution, and assessment of its strategies. Every quick-service restaurant (QSR) has some kind of mission and vision statement, even if not all of them are documented. Most quick-service restaurants in Nairobi County have upper-level management that is accountable for setting the company's direction and making key strategic decisions.

According to the results of the research, strategic management techniques have a favorable and substantial relationship to performance as determined by the BSC. According to the findings of the research, effective strategic management is necessary for performance. Strategic management, which provides overarching guidance, involves the formulation of long-term plans, policies, and strategies to achieve objectives, and the subsequent distribution of resources to put these plans into effect. Ultimately, strategic management is used to help organizations advance within their respective industries. According to the study's results, strategic management include keeping tabs on and assessing the many moving parts necessary for a company to realize its vision. Given the dynamic nature of the modern business landscape, it is essential that companies regularly assess the efficacy of their current approaches to success. The research shows that a common tactic across

strategic management techniques is to identify and define the processes that might help improve performance and provide a firm a leg up in the marketplace. The study's results suggest that strategic managers should take effective action to lessen the impact of calamities like recessions, stock market crashes, and employee mistakes. A short-term and long-term plan that benefits the company is something that management has to work on.

Results show that strategic management approaches have an impact on business outcomes, as evaluated by the Balanced Scorecard. Developing and using sound strategic management processes, including planning, executing, and assessing the impact of one's strategies, is strongly correlated with the success of QSRs. In order to thrive and expand, restaurants need to adopt strong strategic management techniques. These practices will provide them a competitive edge that will lasts.

#### **5.4 Recommendations**

The study's goal was to catalog the strategic management approaches used by fast food joints in Nairobi County and analyze how those approaches affected the businesses' bottom lines. The research concluded that the strategic management process can only be effective with input from all levels of employees (upper, medium, and lower). What an organization strives to accomplish and its primary activities may be gleaned from its mission and vision statements. During the strategy rollout, this information should be shared with employees. The findings of this research suggest that strategic management should include as many people as possible, from the most junior to the most senior, to foster a culture of inclusion and make sure that everyone feels like they are making a difference in the company's success. Following the recommendations in this study, such as conducting a thorough situation analysis and involving employees at all levels in the planning, execution, and assessment of a strategic plan, management may improve QSR performance.

The study's results support the researcher's recommendation that upper-level management solicit feedback from middle managers and supervisors more often when developing strategy. This is accomplished so that both the near-term and far-term objectives of the firm may be considered concurrently. The study's author believes that flower business managers need to take on a variety of strategy corrective actions to address the challenges facing their companies, and that doing so will guarantee that the strategically crafted plans are implemented and evaluated effectively.

This research also suggests that QSR should design a strategy plan that is compatible with their business operations in order to maximize their potential for future expansion. The quick-service restaurant will use the strategic plan to direct its day-to-day operations and determine at when point in their development they should begin making significant choices like expanding, merging, or acquiring other businesses. According to the findings of this research, Quality Service Restaurants (QSR) should conduct an efficient environmental scanning in order to locate possible prospects that they may pursue. This will also assist the organization in aligning their skills with the possibilities that are now accessible while also addressing any possible risks that may be present.

## 5.5 Limitations of the Study

This study focused on fast food establishments in Nairobi County; hence, caution should be used when extrapolating the findings to the rest of Kenya. The research focused on the strategy development, implementation, and evaluation processes but excluded extraneous variables including government policies, political influence, and environmental conditions.

Further, the research only looked at the years 2017–2022, therefore the results may only apply to that time frame. Because of the potential for fluctuations over time, it is probable that the cases in the 5 years investigated may not accurately represent the situation at all periods in the nation. Additionally, the study's model presents the relationships as either strong or weak, but the factors that bend the relative strengths are not taken into consideration. Thus, the researcher recommends conducting a causality investigation to pinpoint the causes of the observed strengths and weaknesses in the interdependencies.

#### **5.6 Suggestions for further studies**

Research shows that strategic management has a major impact on the success of businesses. By examining the research and reviewing the relevant literature. This research may be applied to different companies and sectors to identify other characteristics that affect the use of strategic management in businesses. Similar results might be achieved in other establishments within the hospitality industry, such as five-star hotels or hotels catering to beach visitors. Other businesses and firms from other sectors are included to illustrate the impact of industry on strategic management.

According to the findings of the study, more research on strategic indicators should also take into account the results of studies conducted on other strategic indicators. This will be a very crucial indicator as to whether or not the hotel business may benefit from strategic management. Since the survey technique that was utilized here may not produce results that are dependable enough to be depended on in the company, this research recommends that a range of ways be used to carry out this study. Combining in-depth interviews with surveys may be a useful method for resolving the problem.

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#### **APPENDICES**

# APPENDIX I: LIST OF QUICK SERVICE RESTUARANTS

- 1) Altonas
- 2) Ammmies Fast Food
- 3) Bakers Inn
- 4) Big Square
- 5) Brioche
- 6) Brood
- 7) Burger King
- 8) Burgers and Moore
- 9) Café Deli
- 10) Café Ramzi
- 11) Chicken Inn
- 12) Creamy Inn
- 13) Debonair's Pizza
- 14) Delsi Wings
- 15) Dominos
- 16) Expresso Venice
- 17) Funky Burger
- 18) Galito's
- 19) Java house
- 20) Joe's Wings Atlanta
- 21) KFC
- 22) Kukito
- 23) Mc Frys
- 24) Mugg & Bean
- 25) Papa John's
- 26) Pizza Hut
- 27) Pizza Inn
- 28) Popeyes Chicken and Fries
- 29) Snack Attack
- 30) Steers
- 31) Subs N Sands
- 32) Subway
- 33) Vida e Caffe

# **APPENDIX II: QUESTIONNAIRE**

Research on the influence of Strategic Management Practices on performance of Quick Service Restaurants in Nairobi County

Instructions for completing the Questionnaire

# Dear Participant,

This questionnaire's purpose is to investigate the influence of strategic management practices on the performance of QSR in Nairobi County, as measured by balance score card, in order for us to scientifically improve these practices. The results of this investigation will be used to improve the questionnaire.

Please put your e-mail address in the space provided below if you would like to get an executive summary of the findings obtained from this study.

E- mail:
You may be certain that any information you provide will be treated in the strictest confidence
and put to use only in scientific research.
Γο start, I want to express my gratitude for your willingness to assist.
Mokaya Enock Maroko
Section A: Background Information
1) Indicate the name of your Restaurant
2) Indicate your position
3) Indicate you gender: Male [] Female []
4) Please indicate your age
21-30 years [] 31-40 years [] 41-50 years [] above 50 years []
5) Indicate your highest level of education
College certificate [] College Diploma [] University Graduate [] Others
(specify)
6) How long have you been in employment with this firm?
1- 2 years [] 3 - 4 years [] 0ver 5 years []
7) How many employees does your firm have?
Below 25 [ ] 26 - 100 [ ] 101 – 200 [ ] Above 200 [ ]

# **Section B Strategic Management Practices**

## a) Strategy Formulation

- 8) Is there a strategic strategy in place for your company?: Yes [] No []
- 9) Does the strategic plan for your company include the following elements?

Variable	YES	NO
Mission statement		
Vision statement		
Organization Goals		
Procedures on policy		
development		

10)	How	often	does	your	compai	iy eva	luate	its	long-term	strategic	plans?

After 1 - 2 years [] after 3-4 years [] after 5 years []

11) Who in your company is tasked with the role of formulating strategies for the company? (Please tick the box if there is only one category, or rate them from 1 to 4 if there are many categories. 1 indicates the individual who is the most engaged.)

Category	Tick	Rank
Top level managers		
Middle level managers		
Lower level managers		
Supervisors		

2) Does the existence of	a strategic plan l	nave any bearing on	how well your firm	performs?
--------------------------	--------------------	---------------------	--------------------	-----------

Yes [ ] No [ ] No idea [ ]

13) Please mark the score that most properly reflects each of the following assertions as you assess them, in your view, using the scale that has been supplied below. The scale goes from one (1) for strongly disagreeing to five (5) for strongly agreeing with, a score of two (2) would indicate disagreement, a score of three (3) would indicate neutrality and a score of four (4) would indicate agreement

		1	2	3	4	5
a	The vision is clear and well formulated					
b	The mission statement is clear and well formulated					

c	There are organizational values in place			
d	The company has clear strategic objectives			
e	There are clear operational objectives			
f	The Operational Goals Are Articulated In A Way That			
	May Be Easily Comprehended.			
g	There Is Sufficient Funding Available For Strategic			
	Planning, And We Have Sufficient Technology			
	Resources Available For Strategic Planning As Well.			
h	Our Techniques For Strategic Planning May Be			
	Characterized As Being Mainly Organized, And We			
	Make Use Of A Planning Handbook.			
i	The Operational Goals Are Articulated In A Way That			
	May Be Easily Comprehended.			

# b) Strategy Implementation

b) butteegj imprementation
14) Does your company carry out its plans in the manner that was planned?
Yes [ ] No [ ] No idea [ ]
15) What kind of a rating would you give the overall success of your company's plan
implementation?
Excellent [ ] Good [ ] Average [ ] Poor [ ]
16) Who are the individuals who are in charge of putting the plan into action? (Please tick if
there is only one, or put them in order from 1 to 4 if there are more than one. 1 person who is
mostly involved)

Category	Tick	Rank
Top level managers		
Middle level managers		
Lower level managers		
Supervisors		

17) Please mark the score that most properly reflects each of the following assertions as you assess them, in your view, using the scale that has been supplied below. The scale goes from one (1) for strongly disagreeing to five (5) for strongly agreeing with, a score of two (2) would indicate disagreement, a score of three (3) would indicate neutrality and a score of four (4) would indicate agreement

		1	2	3	4	5
а	Our vision is congruent with the activities of lower staff					
	levels.					

b	There is a connection that can be made between			
	decision-making and the process of strategic planning.			
С	Before we take any major steps, we ensure that			
	everyone is on the same page with our strategic			
	strategy.			
d	Communication inside our company is running			
	smoothly and efficiently amongst all staff members.			
е	We are capable of communicating with the broad			
	public in a way that is both clear and effective.			
f	There is an adequate amount of training available for			
	workers.			
g	The highest level of management is dedicated to the			
	successful realization of our mission.			
h	We have the backing of upper management as we work			
	to put the strategic plan into action.			
i	All of the staff members at lower levels are dedicated			
	to achieving our organizational goal.			

# c) Strategy Evaluation

18) Does your company do an analysis of the strategic plans it develops: Yes [] No []

19) Please mark the score that most properly reflects each of the following assertions as you assess them, in your view, using the scale that has been supplied below. The scale goes from one (1) for strongly disagreeing to five (5) for strongly agreeing with, a score of two (2) would indicate disagreement, a score of three (3) would indicate neutrality and a score of four (4) would indicate agreement

		1	2	3	4	5
а	The contribution of lower staff members to the effective execution of the strategic plan is heavily weighted in the overall assessment of those staff					
	members.					
b	To a significant extent, the appraisal of senior managers is predicated on how much of a contribution they have made to the effective execution of the strategic plan.					
С	There is sufficient time for the analysis of the approach.					
d	For the purpose of doing strategic analysis, there are processes that have been established.					
е	The stage of execution is under competent management of our company.					
f	We do thorough evaluations of our strategic planning at appropriate times.					
g	We have the appropriate organizational structure, which makes the execution of strategic plans easier.					

## **Section C Firm Performance – Balance Score Card**

speci	ifically in terms of its profitability?					
Exce	ellent [] Good [] Average [] Poor []					
comi	g the financial viewpoint of the balance soments on the efficiency of evaluating QSR (1) Please mark the score that most properl assess them, in your view, using the scafrom one (1) for strongly disagreeing to (2) would indicate disagreement, a scor of four (4) would indicate agreement.	orecard, this s performance. y reflects each the that has been of five (5) for so e of three (3)	n of the foll en supplied trongly agre would indic	owing ass below. T eeing with cate neutra	sertions as the scale g a, a score ality and s	goes of two a score
	Statements	1	2	3	4	5
a	The QSR preparers annual financial statements					
b	Profitability of the QSR is measured by calculation of several financial ratios.					
С	The QSR's determined financial ratios are crucial indicators of success.					
d	The control of administrative expenses is an important aspect of the financial viewpoint in QSR.					
e	The information provided by BSC is beneficial to managers in helping them boost revenues.					
f	The information provided by BSC assists managers in cutting expenditures.					
g	Employees are able to make the most efficient use of the organization's resources thanks to the information provided by BSC.					
	i) Customer Satisfaction Perspective			_		1
	stions and assertions about the usefulness on nced scorecard for evaluating QSR perform	•		_	oint of the	
	(2) Please mark the score that most properly				sertions as	s you

20) How would you rate the financial performance of your company over the past five years,

2

3

4

5

1

of four (4) would indicate agreement.

The QSR has a way of collecting

Statements

customer feedback

assess them, in your view, using the scale that has been supplied below. The scale goes from one (1) for strongly disagreeing to five (5) for strongly agreeing with, a score of two (2) would indicate disagreement, a score of three (3) would indicate neutrality and a score

		1		
b	Our clients like our approach of			
	providing food and services compared			
	to our competitors			
С	More than 50% of our customers are			
	satisfied with the high-quality goods			
	and services that we provide for them.			
d	In addition to providing excellent			
	service to customers, the members of			
	our team possess a high level of			
	expertise in their respective fields of			
	responsibility.			
е	During the product creation process,			
	we place the utmost importance on			
	the requirements and preferences of			
	our customers, rather than on what we			
	believe is best for them.			
f	The staff have been able to increase			
	the level of client satisfaction with the			
	assistance of the information provided			
	by the BSC.			
g	Through using the data provided by			
	BSC, workers have improved the			
	standard of all output delivered to			
	customers.			
h	The information from BSC has helped			
	restaurant to increase market share.			

# iii) Internal Business Processes Perspective

In this part, we discuss the usefulness of the internal business process viewpoint of the balance scorecard in evaluating QSR performance via a set of inquiries and assertions.

23) Please mark the score that most properly reflects each of the following assertions as you assess them, in your view, using the scale that has been supplied below. The scale goes from one (1) for strongly disagreeing to five (5) for strongly agreeing with, a score of two (2) would indicate disagreement, a score of three (3) would indicate neutrality and a score of four (4) would indicate agreement.

	Statements	1	2	3	4	5
а	Managers have been able to cut down on the amount of time it takes to provide services to consumers thanks to the information provided by BSC.					
b	The system that was used has contributed to an improvement in the management of customers.					

С	The used system has contributed to an			
	improvement in the administration of			
	operations.			
d	The workers that utilize the system report			
d	The workers that utilize the system report that it is simple and straightforward to			

## iv) Learning and Growth Perspective

This section contains questions and assertions addressing the efficacy of the learning and development viewpoint of the balanced scorecard in evaluating QSR performance.

24) Please mark the score that most properly reflects each of the following assertions as you assess them, in your view, using the scale that has been supplied below. The scale goes from one (1) for strongly disagreeing to five (5) for strongly agreeing with, a score of two (2) would indicate disagreement, a score of three (3) would indicate neutrality and a score of four (4) would indicate agreement.

	Statements	1	2	3	4	5
а	The information provided by BSC has been helpful to managers in assisting staff in improving their abilities.					
b	The information provided by BSC has assisted managers in achieving higher levels of satisfaction from their workforce.					
С	The quick-service restaurant helps its workers further their careers by providing benefits like study loans.					
d	The personnel at QSR has a pleasant working environment, and the company recognizes and appreciates outstanding performance through promotions or other forms of recognition.					
е	The information provided by BSC has been helpful to managers in assisting staff in improving their abilities.					

**THANK YOU** 

APPENDIX III: VARIABLES FREQUENCY

# STRATEGIC FORMULATION FREQUENCY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4.10	1	3.2	3.2	3.2
	4.20	3	9.7	9.7	12.9
	4.30	2	6.5	6.5	19.4
	4.40	2	6.5	6.5	25.8
	4.50	5	16.1	16.1	41.9
	4.60	6	19.4	19.4	61.3
	4.70	5	16.1	16.1	77.4
	4.80	7	22.6	22.6	100.0
	Total	31	100.0	100.0	

# STRATEGIC IMPLEMENTATION FREQUENCY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3.50	2	6.5	6.5	6.5
	3.60	1	3.2	3.2	9.7
	3.70	1	3.2	3.2	12.9
	3.80	3	9.7	9.7	22.6
	3.90	6	19.4	19.4	41.9
	4.00	4	12.9	12.9	54.8
	4.10	1	3.2	3.2	58.1
	4.20	2	6.5	6.5	64.5
	4.30	3	9.7	9.7	74.2
	4.40	1	3.2	3.2	77.4
	4.50	5	16.1	16.1	93.5
	4.60	2	6.5	6.5	100.0
	Total	31	100.0	100.0	

# STRATEGIC EVALUATION FREQUENCY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4.00	2	6.5	6.5	6.5
	4.10	4	12.9	12.9	19.4
	4.20	2	6.5	6.5	25.8
	4.30	1	3.2	3.2	29.0

4.40	6	19.4	19.4	48.4
4.50	8	25.8	25.8	74.2
4.60	4	12.9	12.9	87.1
4.70	4	12.9	12.9	100.0
Total	31	100.0	100.0	

# BALANCE SCORE CARD FREQUENCY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4.50	4	12.9	12.9	12.9
	4.60	3	9.7	9.7	22.6
	4.70	4	12.9	12.9	35.5
	4.80	7	22.6	22.6	58.1
	4.90	6	19.4	19.4	77.4
	5.00	7	22.6	22.6	100.0
	Total	31	100.0	100.0	