Strategic Management Practices and Sustainability of Agribusiness Enterprises in Nyeri County, Kenya

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Abstract

The purpose of this research was to examine the effect of strategic management practices on sustainability of Agribusiness enterprises in Kenya. The strategic management drivers selected for the study and which formed the specific objectives of the study was to determine the effect of Total Quality Management practices, Resource management practices, Strategic Positioning and Technological Innovation on the sustainability of agribusiness enterprises in Kenya. The study adopted descriptive research design. The sampling technique was stratified random sampling. Primary data was collected by use of questionnaires which was administered through drop and pick method. Data was analyzed using SPSS version 24. Descriptive statistics, for example standard deviations and T-tests was used for preliminary tests. Inferential statistics such as Pearson’s correlation and multiple regression analysis was used for further analysis. Based on the findings, the concluded that total quality management practices significantly and positively influence the sustainability of Agribusiness enterprises in Nyeri County. The study also concluded that resource management practices had significant and a positive influence on the sustainability of Agribusiness enterprises in Nyeri County. This study further concluded that strategic positioning significantly and positively influence on the sustainability of Agribusiness enterprises in Nyeri County. Finally, the study concluded that technological innovation significantly and positively influence the sustainability of Agribusiness enterprises in Nyeri County.

Keywords: Total quality management practices, Resource management practices, Strategic positioning practices, Technological innovation practices

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Introduction

The agribusiness enterprises play an important role in the Kenyan Economy. According to the Economic Survey (2015), the sector contributed over 50 percent of new jobs created in the year 2014. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2018). While little proof exists that the small agribusiness enterprises grow into medium- size agribusiness enterprises (employing 50 to 100 workers), many of these small agribusiness enterprises have the potential to grow and add one to five employees (Fadahunsi, 2018).
Donor agencies, Non-Governmental Organizations (NGOs) and the Kenyan government provide aid for income generation (Bowen et al., 2009). There exist several interventions by the Kenyan government and NGOs in order to boost the performance of agribusiness enterprises (United Nations Development Program (UNDP) &MoYA, 2017). These strategies include budgetary allocations, policies, fiscal incentives and grants all geared towards making the agribusiness enterprises sub-sector vibrant (United Nations Economic Commission for Africa (UNECA), 2017). Some of these agencies lend or grant funds for specific agribusiness enterprises which are selected, prepared, apprised, and supervised and evaluated (Wawire and Nafukho, 2010). However, many of the agribusiness enterprises have not succeeded in getting off the ground (Wanjohi, 2016). According to Kingi, (2013), 40-60% of agribusiness enterprises in the country have collapsed some few after their launch. The chicken agribusiness industry in Nyeri has continuously been dominated by certain farmers for quite a period.

This is despite of the fact that incessant numerous efforts have been made to train farmers on ways to improve their output. As such, the potential of broiler chicken farming in elevating family incomes and therefore family living standards is yet to be attained. Nevertheless, chicken agribusiness in Kenya as not been able to sustain the market demand resulting to importation of such and related products from neighbouring countries such Uganda and Tanzania. It has not been quite clear on how management of the agribusiness in Kenya is done ensure that the industry grows to the projected rates by the Government.

The business environment in which firms operate is dynamic and turbulent with constant and fast paced changes that often render yester-years’ strategies irrelevant (Ofunya, 2013). The business environment has pushed organizations to limits dictating the need to adopt strategic management practices across all sectors that support plans, choices and decisions that will lead to competitive advantage and to archive profitability, success and wealth creation. Strategic management addresses the question of why some organizations succeed while others fail (Melchorita, 2013). Numerous studies have been carried globally and locally on the influence of strategic management practices on organizational performance. For instance, Melchorita (2013), Bakar et al (2011), Murimbika (2011), Dauda et al. (2010) and Ofunya (2013) analyzed the relationship between strategic management practices and organizational performance in different organizations but none of them investigated the influence of strategic management practices on sustainability of Agribusiness enterprises in Nyeri County. Thus, this study aimed at establishing the influence of strategic management practices on sustainability of Agribusiness enterprises in Nyeri County. The study was guided by the following research objectives

i. To assess the effect of total quality management practices on the sustainability of agribusiness enterprises in Nyeri County.

ii. To find out the effect of resource management practices on the sustainability of agribusiness enterprises in Nyeri County.

iii. To determine the effect of strategic positioning practices on the sustainability of agribusiness enterprises in Nyeri County.

iv. To determine how technological innovation practices, affect sustainability of agribusiness enterprises in Nyeri County.
Literature Review

Resource Based Theory (RBT)
According to Conner and Prahalad (2013), the Resource Based Theory (RBT) approach to competitive advantage contends that internal resources are more important for a firm than external factors in achieving and sustaining competitive advantage. In this view, organizational performance is primarily determined by internal resources including physical resources, human resources and organizational resources. The mix, type and amount and nature of a firm’s internal resources should be considered first and foremost in devising strategies that can lead to sustainable competitive advantage. Managing strategically according to RBT involves developing and exploiting a firm’s unique resources and capabilities and continually maintaining and strengthening those resources. The theory asserts that it is advantageous for a firm to pursue a strategy that is not currently being implemented by any other competing firm. Such resources must be either rare or hard to imitate or not easily substitutable (Conner & Prahalad, 2013).

Stewardship theory
According to Licker, (2007), the stewardship theory proposes that decision-making structures within the organization should consent the Chief executive sufficient control over the business process in order to allow the chief executive to be a real steward thus a centralized and full control management system is proposed by this theory. This situation is attained more readily where the CEO is also chair of the board. Power and authority are concentrated in one person giving no room for doubt as to who has authority or responsibility over a particular matter. Boyd et al (2012) argues that under such a system, the expectations about corporate leadership will be clearer and more constant both for subordinate managers and for other members of the corporate board and that the organization will enjoy the classic benefits of unity of direction and of strong command and control. Strategies in this aspect thus ensure unity of direction in order to increase sustainability of agribusiness enterprises in Kenya.

Contingency Theory
Unlike agency and stewardship theories, the contingency theory is more concerned with organizational structure which entails both the formal and the informal organization of hierarchical and information as well as decision making structures within an organization. The contingency approach to management has its roots in general systems theory and the open systems perspective. This open systems perspective views the complex organization as a set of interdependent parts that together constitute a whole that, in turn, is interdependent with the larger environment. The interactive nature of the elements within the organization and between the organization and the environment result in at least two open system characteristics that are central to the contingency approach. The principle of adaptation asserts that the elements within the system adapt to one another to preserve the basic character of the system. In addition, the principle of equifinality holds that a system can reach the same final state from differing initial conditions and by a variety of paths, (Hahn, 2007).

Social Construction of Technology Theory
The social construction of technology (SCOT) is a theory within the field of science and Technology studies which argues that technology does not define human actions but rather, human actions shapes technology. They also argue that the ways a technology is used cannot
be understood without understanding how that technology is embedded in its social context. SCOT is not only a theory, but also a methodology: It formalizes the steps and principles to follow when one wants to analyze the causes of technological failure or successes. At the point of its conception, the SCOT approach was partly motivated by the ideas of the strong program in the sociology of science (Bloor 1973). SCOT holds that successful innovations cannot be explained by assuming that they work better than failed innovations; the analyst must undercover the social context that promotes (or fails to promote) a given innovation (Pinch & Bijker, 1984; Bijker 1992). SCOT argues that Technological determinism holds that a new, superior technology will ultima

**Conceptual Framework**

**Independent Variables**

- Customer focus
- Continuous improvement
- Financial management
- Human resource management
- Resources
- Capabilities
- Differentiations
- Online Services
- ICT infrastructure
- Integration

**Dependent Variable**

- Cost savings
- Market Size
- Revenue

Critic of Empirical Literature review

The critique argue that a large number of literatures have been written from a different cultural context as compared to the local culture under study in relation to strategic management. Kenya is still a developing economy and most of the structures have not been put in place, meaning that some of the ways proposed by some of the scholars to be the way forward may not work due to unpredictability of the situations in the country including riots, political violence, public demonstrations, and changes in trade policies, among many others (Kuria et al., 2011).

Some of these unique environmental factors that face a country like Kenya have not been studied keenly. Secondly, organizational culture is thinly defined to mean that all are expected to behave in a certain way. As much as this works best in the western world, it
might be difficult especially in African countries like Kenya that has many cultures and vary in the way they look at things. Literature on the strategic management in relation to sustainability of agribusiness enterprises in Kenya has not considered the variations of the different cultures exhibited by people who bring the same to the firms (Mukonyo, 2010).

In Spain, a study by De Cerio (2003) determined the association between the operational performance and implementation level of quality management practices in 50 Spain manufacturing sector. However, the study used was limited to survey method though it was carried out using multiple regression analysis. In Qatar, the study of Salaheldin (2009) examined whether TQM practices helped the growth of SMEs. Further this study analyzed the critical success factors in the implementation of TQM in order to assess the operational performance and organizational performance. Hence, the study used the designed questionnaire, and it was distributed to 297 SMEs. However, the study was limited to the SMEs.

In Tanzania, Magasi (2015) investigating CRM into a long-term relationship with the firm. Though the study used multiple regression analysis on data collected using questionnaires, it was only limited to customer relationship management. In Nigeria, Kehinde, Adegbuyi and Borishade (2016) investigating the relationship between relationship-marketing and sales performance found a positive and significance relationship that is also reflected in other studies in the context of other countries (Islam, and Islam, Hafiz, 2022; Haque, Anwar, Yasmin & Islam, 2018). The study data was collected using questionnaires in the banks of Ogun State. Regression analysis were used for data analysis. The study was limited to the commercial banks. Baraskova (2010) in his study described the role of strategic positioning and sustainable competitive advantage at food industry. Moreover, Organizations have complex structure and their success depend upon the strategic positioning and sustainable aggressive lead. However, he limited his study to the food industry. Oke, Prajogo and Jayaram (2013) conducted a study of 207 organizations in Australia and had a conclusion that product innovation and product quality performance were positively associated with firm performance. However, the study was limited to the context of Australia.

**Research Gaps of literature review**

Various scholars over the past few years have studied the drivers of sustainability in organizations and researchers in the agribusiness enterprises have also come up with similar research. Okeyo (2011) studied the relationship between the sustainability of agribusiness enterprises and the use of sustainability drivers and he concluded that there was a positive relationship. Uzel (2012) also studied the use of value-based management tools in agribusiness enterprises and established that the use of value-based tools in agribusiness enterprises was minimal and the study suggested further research on the strategic drivers of sustainability of agribusiness enterprises. Fwayaet.al., (2012) studied the relationships between drivers and results of performance in the Kenyan hotel industry and concluded that financial drivers of performance were the only drivers which had an influence on the performance of agribusiness enterprises. Wadongoet.al., (2010) studied managerial roles and the choice of performance drivers and recommended a study on the role on non-financial strategic drivers such as innovation, human resource management, profits and customer focus among others. Waudo and Kamau (2012) in their study on change management in agribusiness enterprises concluded that Kenya’s agribusiness enterprises operate in an environment of high competition and recommended a study of the strategic drivers of agribusiness enterprises.
Other studies include a study on Strategic Planning Practices (Kamau, 2008) and another one on Strategic Competitive Advantage (Mibei, 2007). This research seeks to bridge the knowledge gap in the area of the Strategic management practices of sustainability of agribusiness enterprises by addressing the following gaps. All previous researchers had established a relationship between strategic management drivers and performance of sustainability of agribusiness enterprises, but the effect, degree and extent of the relationship had not been addressed. This study seeks to cover this gap through hypothesis testing of the hypothesized performance drivers. The above studies had also identified financial drivers as the only drivers of sustainability of agribusiness enterprises, but this research will bridge the gap by testing nonfinancial drivers of sustainability of agribusiness enterprises to see if they have any influence on sustainability of agribusiness enterprises. It will seek to establish whether the adoption of the selected strategic management practices by agribusiness enterprises would be a remedy to their current dilemma.

The literature review shows that the study is founded on contingency theory which asserts that a manager has the obligation of ensuring that an organization has attained a strategic fit in order to survive. This strategic fit can be achieved at different levels thus gradual movement and revision of strategies is advised for. In addition, the manager has various options to achieving this strategic fit thus optimal strategies are to be selected by the managers in order to enhance performance of the organization. This performance can be measured through various means, but the literature review identifies three main measures of organizational sustainability that is abnormal returns, employee satisfaction and customer satisfaction. These will thus be used for the study. Finally, the literature review shows that the studies were mostly on challenges to the implementation and the impacts of strategy without addressing specific measurable relationships. As a result, this study will seek to give a specific measurable relationship between strategic management and sustainability of agribusiness enter

**Research Methodology**

The researcher used descriptive research design. According to Sekaran and Bougie (2010), the function of a research design in a study is to aid in gathering the relevant evidence with minimal expenditure of time and money. On the other hand, the qualitative research design is completely opposite of it, therefore, it has not been adopted in this study (Islam & Aldaihani, 2022). However, the target population of this study comprised of one thousand (1000) agribusiness farmers from Nyeri County. The sample for this study comprised selected agribusiness farmers from Nyeri County. The study used Mugenda and Mugenda (2009) that recommends that a descriptive study should include 10-30% of the total population. Therefore, the study used 30% of 1000 which was 300 as the sample size. The researcher used questionnaires as the research instrument to gather the relevant information needed related to the study. Primary data was used for the purpose of this study. The data was collected using semi structured questionnaires containing closed ended questions to allow variety. According to Kothari (2004) a questionnaire should be well structured to in a way that makes it easy for the user to understand and respond appropriately.

The questionnaire was divided into two parts. The first part was mainly on the demographics which enabled the researcher to get demographic information of the respondents, while the other was to evaluate the study variables. The study carried out a pilot test to test the validity and reliability of the questionnaires in gathering the data required for purposes of the study. To test content validity (extent to which the sample is a representative of the population), experts’ opinion was sought. The research questions in the questionnaire
was developed to represent each variable in the research. The data collected from the pilot study was subjected to factor analysis to test construct validity. Reliability analysis aims at finding out the extent to which a measurement procedure will produce the same result if the process is repeated over and over again under the same conditions (Rousson, Gasser and seifer, 2002). The researcher edited the completed questionnaires for completeness and consistency. Data clean-up followed. The data was then be analyzed using descriptive statistics. The descriptive statistical tool (SPSS) was used to help the researcher to describe the data. The findings were presented using tables and graphs for further analysis and to facilitate comparison. This generated quantitative reports through tabulations, percentages, and measure of central tendency.

**Model**
The regression equation of the study was as shown below;
\[ y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \epsilon \]
Where Y is the dependent variable Sustainability of Agribusiness
X_1 - Total quality management
X_2 – Resource management
X_3 - Strategic positioning
X_4 - Technological innovation
\[ \alpha = \text{Constant} \]

**Results and Discussion**

**Regression Analysis**
In this study, a multiple regression analysis was conducted to test the effect of strategic management practices on sustainability of Agribusiness enterprises in Nyeri County. The research used statistical package for social sciences (SPSS V 21.0) to code, enter and compute the measurements of the multiple regressions.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>STD error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.87</td>
<td>0.75</td>
<td>0.69</td>
<td>0.73</td>
</tr>
</tbody>
</table>

R-Squared is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R2, also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. The study established that 69% of the changes in the sustainability of Agribusiness enterprises in Nyeri County could be attributed to the combined effect of the predictor variables.

**Table 4.2: Analysis of Variance of the Regression**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>234.21</td>
<td>44</td>
<td>21.086</td>
<td>29.159</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>15.23</td>
<td>245</td>
<td>.346</td>
<td>.</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>249.44</td>
<td>249</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The probability value of 0.000 indicates that the regression relationship was highly significant in predicting how total quality management, resource management practices, strategic positioning and technological innovation influence sustainability of Agribusiness enterprises in Nyeri County. The \( F \) calculated at 5% level of significance was 9.20 since \( F \) calculated is greater than the \( F \) critical (value =2.5252), this shows that the overall model was significant.

Table 4.3: Regression coefficients of the relationship between internal controls and preventing fraud in a manufacturing firm in Kenya.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients B</th>
<th>Std. Error</th>
<th>Standardized Coefficients Beta</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.053</td>
<td>0.217</td>
<td>4.85</td>
<td>0.02</td>
</tr>
<tr>
<td></td>
<td>Total quality management</td>
<td>0.682</td>
<td>0.149</td>
<td>0.613</td>
<td>4.58</td>
</tr>
<tr>
<td></td>
<td>Resource management practices</td>
<td>0.480</td>
<td>.164</td>
<td>.358</td>
<td>2.086</td>
</tr>
<tr>
<td></td>
<td>Strategic positioning</td>
<td>0.875</td>
<td>.220</td>
<td>.670</td>
<td>4.810</td>
</tr>
<tr>
<td></td>
<td>Technological innovation</td>
<td>0.717</td>
<td>0.223</td>
<td>0.704</td>
<td>3.208</td>
</tr>
</tbody>
</table>

As per Table 4.16, the equation \( (Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4) \) becomes: 
\[ Y=1.053 + 0.682X_1 + 0.480X_2 + 0.875X_3 + 0.717X_4 \]
Where \( Y \) is the dependent variable sustainability of agribusiness enterprises 
\( X_1 \) - Total quality management 
\( X_2 \) - Resource management practices 
\( X_3 \) - Strategic positioning 
\( X_4 \) - Technological innovation

The regression equation above has established that taking all factors into account constant at zero sustainability of agribusiness enterprises will be 1.053. The findings presented also show that taking all other independent variables at zero, a unit increase in the total quality management would lead to a 0.682 increase in the scores of sustainability of Agribusiness enterprises in Nyeri County and unit increase in the scores of resource management practices would lead to a 0.480 increase in the scores of sustainability of Agribusiness enterprises in Nyeri County. Further, the findings show that a unit increases in the scores of strategic positioning would lead to a 0.875 increase in the scores of sustainability of Agribusiness enterprises in Nyeri County. The study also found that a unit increase in the scores of technological innovations would lead to a 0.717 increase in the scores of sustainability of Agribusiness enterprises in Nyeri County. Overall, strategic positioning had the greatest effect on the sustainability of Agribusiness enterprises in Nyeri County, followed by
technological innovation, then total quality management while resource management practices had the least effect to the sustainability of Agribusiness enterprises in Nyeri County. All the variables were significant (p<0.05).

**Implications and Concluding Remarks**
This research study will be of great importance to various stakeholders in the agribusiness sector. Potential stakeholders will benefit from this study as they will appreciate the reason behind the strategies employed by in the sector for management to excel. It is hoped that the study will yield information that may be useful for future proper planning and decision making in agribusiness enterprises in Kenya to improve competence and meet their objective of growing production and customer satisfaction. The findings and recommendations of the study may also be useful to the management and directors of agribusiness enterprises in Nyeri County. The study provides a good guideline for policy makers from which polices to guide the sector of agribusiness enterprises can be established. Finally, researchers and scholars may benefit from the study as it adds on to the growing body of knowledge in strategic management. This may act as a source of reference for studies to be done in relation to the area of study.

This study concluded that total quality management practices significantly and positively influence the sustainability of Agribusiness enterprises in Nyeri County. TQM practices describe a comprehensive and structured approach to firm management, which majorly aims at improving the quality of products and services through continuous refinements in response to feedback from consumers. The study also concluded that resource management practices had significant and a positive influence on the sustainability of Agribusiness enterprises in Nyeri County. Effective management of resource management focus to develop and effectively deliver the purpose of the organization by involving others in the organization at many levels. This study further concluded that strategic positioning significantly and positively influence on the sustainability of Agribusiness enterprises in Nyeri County. Strategic positioning practices help in developing and maintaining a strategic fit between the organization’s goals and capabilities and its changing marketing. Finally, the study concluded that technological innovation significantly and positively influence the sustainability of Agribusiness enterprises in Nyeri County. Technological innovation challenges an organization to look beyond its established business boundaries and mental models and to participate in an open minded, creative exploration of the realm of possibilities.

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Research Limitations and Directions for Future Studies

First the research was conducted in Kenya and limited to Nyeri County, which may make generalizing the results difficult. However, due to the nature of various factors or in other countries, such as developed countries, and which governance is different, the variables selected may not be an issue to other countries as well as other sectors in the economy. Second, the study looked at the most important aspects of the four major variables, whereas strategic management practices are very many and diverse. Therefore, the study has not exhausted all strategic management practices which would influence sustainability of Agribusiness enterprises in Kenya. Thirdly, the study relied on primary data collected using a questionnaire, which was purely based on the respondents’ opinions. Therefore, the data collected might have been subjected to feelings, emotions, attitudes and perceptions of the respondents and hence, cannot be accurately quantified and/or verified objectively. Future research should be directed towards identifying more strategic management practices that influence sustainability of Agribusiness enterprises. From the regression model, it was noted that the variables included were only able to explain 75 % of the variation sustainability of Agribusiness enterprises as denoted by the R square (0.75) in the regression model. This study therefore recommends the improvement of this model by including more variables that may have explanatory power to enhance sustainability of Agribusiness enterprises.

References


