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Strategy Implementation and Organisational Performance of Dairy Cooperatives in Meru County, Kenya

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Abstract

This study evaluated the effect of strategy implementation on the organisational performance of dairy cooperatives in Meru County, Kenya. Notwithstanding government interventions, dairy cooperatives still face persistent challenges associated with member commitment, operational effectiveness, and strategic planning. A convergent mixed-methods research design was utilised, involving independent analysis of quantitative and qualitative data, followed by the integration of findings at the interpretation stage. The study initially targeted 332 middle- and senior-level managers drawn from 83 registered dairy cooperatives. Following eligibility screening, 168 managers from 42 cooperatives qualified. A census approach was used for the quantitative study, while 12 managers were purposively selected for qualitative interviews. Structured questionnaires and semi-structured interview guides were used for data collection. Of the 168 questionaires distributed 150 were returned, representing 89.28 percent response rate. Quantitative data were analysed using descriptive statistics, Pearson correlation, and multiple linear regression, while qualitative data were analysed using NVivo. Strategy implementation recorded an overall mean of 3.50 (SD=0.67), indicating moderate implementation. Qualitative findings revealed challenges in coordination and resource allocation, particularly limited financial capacity to implement strategic initiatives. Correlation analysis established a moderate, positive, and statistically significant relationship between strategy implementation and organisational performance ($r=0.589$, $p<0.01$). Regression analysis further demonstrated a significant positive effect of strategy implementation on organisational performance ($\beta=0.258$, $t=3.708$, $p<0.001$). The study concludes that although dairy cooperatives demonstrate moderate strategy implementation, inadequate resource allocation, insufficient staff training, and weak problem-solving procedures constrain effective execution. It recommends strengthening implementation capacity through improved resource mobilisation, staff development, and coordinated execution of strategic plans to enhance organisational performance.

Key terms: Dairy cooperatives, Meru County, organisational performance, strategic management, strategy implementation.

INTRODUCTION

Dairy cooperatives play a significant role in the agriculture sector. Particularly, they provide services to many people in the areas they serve and ensure that millions of small-scale dairy farmers access markets for milk. These cooperatives are responsible for collecting, bulking, cooling and selling milk. However, despite being very important, they are still found not to be doing well in different parts of the country, irrespective of the government's efforts to strengthen them (MoALD, 2022). Some problems reported include member commitment, operational inefficiency, and poor strategy implementation (KNBS, 2023; County Government of Meru, 2022). The International Cooperative Alliance Africa (ICA-Africa, 2022) report reveals that Africa has more than 200,000 cooperatives with over 200 million members, but fewer than 5 per cent of those cooperatives have strategic plans that are updated and official. Similarly, the Africa Cooperative Development Strategy (ICA-Africa, 2022) report noted that even though policy-level plans exist, the plans are rarely put into practice or checked in cooperatives, especially in the agriculture sector. In Kenya, the dairy sub-sector of agriculture is very important. It makes up 14 per cent of the country's agricultural GDP and supports 1.8 million small-scale dairy farmers. Dairy cooperatives are key to rural economies (KNBS, 2023). Dairy cooperatives handle more than 80 per cent of the milk that is sold formally. Meru county is one of the largest milk producers in Kenya. It produces 332 million litres each year, according to MoALD (2023). The county has 83 registered Dairy Cooperatives. These cooperatives help farmers get markets and services for more than 100,000 smallholder dairy farmers. However, the issues related to the strategy implementation that are derailing the performance of dairy cooperatives have not been addressed in past studies.

Organisations can achieve exemplary performance by identifying, developing and utilising internal resources and skills that are valuable to implement long-term strategies (Barney et al., 2021). Recent studies in Kenya examining the relationship between strategy implementation and organisational performance have either excluded cooperative organisations (Lerai et al., 2023), examined them alongside other business entities (Mwagi & Miroga, 2025), or failed to distinguish the individual contributions of strategy formulation, implementation, and monitoring and evaluation (M&E) (Karanja, 2023). Hence, there is a considerable gap in the empirical literature on the effect of strategy implementation on the performance of dairy cooperatives, and this is the gap this study sought to fill by evaluating the influence of strategy implementation on the organisational performance of dairy cooperatives in Meru County, Kenya.

The specific objective of this study was to explore the influence of strategy implementation on the organisational performance of dairy cooperatives in Meru County.

Research Hypothesis

H01: There is no statistically significant effect of strategy implementation on the organisational performance of dairy cooperatives in Meru County, Kenya.

LITERATURE REVIEW

Strategy Implementation and Organisational Performance of Dairy Cooperatives

A study by Mousa et al. (2024) used structural equation modelling to evaluate the effect of strategic planning on organisational performance. The study found that resource allocation and leadership commitment were the biggest predictors of the formula-to-performance link, with implementation acting as a mediator. Wolf and Floyd (2022) reviewed studies and discovered that implementation effectiveness moderated the link between formulation and performance. They also noted that formal strategic planning doubled performance gains in firms with implementation compared to firms with weak implementation. Despite these findings, the measures have serious limitations. Implementation is often judged subjectively as "execution quality," which can be swayed by desirability bias. Primary studies usually rely on checks of implementation fidelity, such as project completion rates or how well budgets are kept. Also, the study assumes a decision process and ignores the participatory and democratic methods that are essential for cooperative implementation. Cooperative strategy implementation plans must be shared and agreed upon by all members before being implemented. In a corporate setting, strategic planning is a management affair, leaving no room for

negotiation or consensus building. This shows gaps in context and measurement validity.

Even though research on strategy implementation in Africa is rare, it offers some clues. Madumuse and Mpundu's (2025) mixed-methods study of 28 cooperatives in Malawi found that managing stakeholder relationships and communication are key to successful implementation. Cooperatives that involved members in implementation planning saw a 33 per cent rise in meeting targets. However, the sample was small. No quantitative controls such as cooperative size, age or resources were used in simple correlations. In East Africa, Gulaid (2024) observed that one in five firms had strategy implementation frameworks and 67 per cent said that resource allocation was a major barrier to strategy implementation. These findings matter as they come from self-reported data, not from implementation fidelity.

Kenya's strategy implementation literature shows sector differences. Waweru and Mangana (2024) found that resource allocation and leadership engagement affect Kenya's regulatory institutions performance. The rules and regulations in implementation differ from those of dairy cooperatives because they are hierarchical and bureaucratic. Karuoya (2023) found a positive link between implementation quality and financial performance in Nairobi SACCOs. Although the term is cooperative, SACCOs are not dairy cooperatives; their operations are in the financial services business, and the skills, resources and strategic priorities are very different from those of dairy cooperatives engaged in milk collection. Karanja (2023) identified three implementation challenges for dairy cooperatives in Kenya: unclear roles (62%), insufficient resources (58%), and no accountability mechanism (51%). However, the analysis did not identify the most predictive obstacle to performance, resulting in an analytical depth gap. Based on the studies reviewed, there has been no research on the implementation of the methods specifically in Meru County dairy cooperatives; hence, this geographical context has not been addressed, and this is the gap this study sought to fill by evaluating the influence of strategy implementation on the organisational performance of dairy cooperatives in Meru County, Kenya.

METHODOLOGY

Meru County, Kenya, was selected as the study area due to its prominence in the country's dairy industry. The county is Kenya's third-largest milk producer, with 83 registered dairy cooperatives (SDLP, 2023). The population comprised 332 senior- and middle-level managers. Eligibility screening reduced this to 168 managers from 42 cooperatives.

Cooperatives were included if registered with the Kenya Dairy Board and the Commissioner for Cooperative Development; operational for at least three years; governed by a functional board; had four managerial positions (cooperative, operations, finance, and quality/extension); and collected or processed milk.

Cooperatives were excluded if they had fewer than 500 active members, received less than 5,000 litres, lacked a written strategic plan covering at least three years within the previous five years, had undergone merger or receivership within three years, or lacked access to at least three managers. These criteria excluded 41 cooperatives, leaving 42 viable cooperatives.

A convergent mixed-methods design involved separate quantitative and qualitative analyses, followed by integration to support triangulation (Creswell & Creswell, 2018). A census was used for quantitative data, while 12 managers were purposively selected for interviews. Data were collected using five-point Likert-scale questionnaires and semi-structured interviews. Reliability was assessed using Cronbach's alpha, with 0.70 as the acceptable threshold.

Research assistants supported questionnaire distribution. Of 168 questionnaires distributed, 150 were returned, yielding an 89.28 per cent response rate. Contacts, hand delivery, and follow-ups supported participation. Ethical approval was obtained from Kabarak University, NACOSTI, and cooperative management. All respondents provided informed consent and were guaranteed confidentiality, freedom to participate voluntarily, and the option to withdraw from the study at any stage.

FINDINGS AND DISCUSSION

Descriptive Statistics

The researcher sought to assess strategy formulation using eight items (SI1-SI8) graded on a 5-point Likert scale (1=Strongly Disagree to 5=Strongly Agree). Table 1 shows the descriptive analysis for each item, as well as the overall strategy implementation mean score.

Table 1: Strategy Implementation

Item Code	Questionnaire Statement	Mean	Std. Deviation
SI1	Clear assignment of responsibilities for strategic initiatives	3.58	0.91
SI2	Adequate resources (budget, personnel, technology) for execution	3.48	0.96
SI3	Communication channels disseminate strategic plans	3.52	0.88
SI4	Organizational structure supports implementation	3.55	0.90
SI5	SOPs aligned with strategic objectives	3.50	0.92
SI6	Staff training supports strategic goals	3.45	0.94
SI7	Coordination between departments	3.52	0.89
SI8	Implementation challenges promptly identified and addressed	3.40	0.97
Overall Mean and SD		3.50	0.67

The overall mean score and standard deviation for strategy formulation was 3.50 (SD=0.67). This shows that dairy cooperatives in Meru County have a level of strategy implementation practices. The highest-rated item was SI1, which was on clear assignment of responsibilities for strategic initiative, with a mean of 3.58 (SD = 0.91). This means that dairy cooperative managers are clear about their specific responsibilities to drive strategy implementation. The low-rated item was SI8 on implementation challenges identified and addressed, with a mean of 3.40(SD=0.97). According to the interviews, there are several issues with strategy execution, particularly with regard to coordination and resources. One operations manager of a cooperative explained:

> *We have good ideas in the strategic plan, but implementing them is hard as we don't have enough resources; the cooperative's finances are limited, and we have to focus on daily operations before strategic projects. For instance, there is a need to invest in a quality-based milk payment system to support product diversification and better milk prices, but for this to be actualised, adequate resources need to be provided.*

This is consistent with the quantitative result of resource adequacy for execution (SI2), which had a relatively low mean (3.48). The low score on implementation challenges promptly identified and addressed shows that a cooperative may not have problem-solving capacity during strategy execution.

This suggests that cooperatives should establish efficient monitoring and problem-solving systems and skills for effective implementation of strategic plans. Overall, the strategy implementation score is moderate, indicating a gap that needs to be filled in strategy implementation for dairy cooperatives.

Correlation Analysis

The correlation results in Table 2 below indicate that there is a strong and positive statistically significant relationship (r=0.589, p<0.01) between strategy implementation and organisational performance of dairy cooperatives in Meru County.

Correlation Matrix of the Study Variables

Table 2: Correlation Matrix

Variable		SI		OP
Strategy Implementation (SI)		1.000		
Organizational Performance (OP)		0.589**		1.000

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

Hypothesis Testing

Ho_1: There is no statistically significant effect of strategy implementation on the organisational performance of dairy cooperatives in Meru County, Kenya.

Table 3: Regression Coefficients

Variable	Unstandardized Coefficients	Standardized Coefficients	Test Statistics	Test Statistics	Test Statistics	
	B	Std. Error	Beta	t	Sig.	VIF
(Constant)	0.548	0.162		3.383	0.001	
Strategy Formulation	0.267	0.072	0.258	3.708	0.000	2.043

The multiple regression results indicate that strategy implementation exerts a positive and statistically significant influence on organisational performance (β = 0.258, t = 3.708, p < 0.001). The findings provide sufficient evidence to reject the null hypothesis (H01), indicating that effective strategy implementation significantly and positively influences the organisational performance of dairy cooperatives in Meru County. These results indicate that dairy cooperatives that continue to improve their strategic plan implementation mechanisms are more likely to strengthen their organisational performance. This result is similar to the finding in a study by Mousa et al. (2024), which found that strategy implementation and organisational performance had a positive relationship; moreover, Wolf and Floyd (2022) found that implementation effectiveness moderated the formulation-performance relationship. The strong impact of strategy implementation on performance reinforces the Systems Theory (Kast & Rosenzweig, 1972), which focuses on the need for coordination and effective operation of organisational subsystems. According to the theory, Implementation includes resource deployment, coordinating resources, having a functional organisational structure, and effective communication, which are all vital for taking the strategic intent into action. The finding further aligns with Madumuse and Mpundu's (2025) research on the agricultural cooperatives in Malawi, which identified stakeholder management and communication relationships as important factors for successful strategy implementation and organisational performance.

Discussion

The positive impact of strategy implementation on organisational performance (β=0.258, t=3.708, p<0.001) is supported by the finding in a study by Mousa et al. (2024), which found a strong positive relationship between strategy implementation and organisational performance. Implementation includes resource deployment, coordinating resources, having a functional organisational structure, and clear communication, which are all vital for taking the strategic intent into action. The strong impact of strategy implementation on performance further reinforces the Systems Theory (Kast & Rosenzweig, 1972), which emphasises the need for coordination and effective operation of organisational subsystems.

The finding further aligns with Madumuse and Mpundu's (2025) research on the agricultural cooperatives in Malawi, which identified stakeholder management and communication relationships as important factors for successful implementation. The positive impact of strategy implementation highlights the importance of increasing the cooperatives' implementation capacity through adequate resource allocation and management, employee training, and the establishment of efficient monitoring and problem-solving systems in order to improve the performance of the dairy cooperatives. Moderate strategy implementation scores were found (mean=3.50), and relatively low scores were obtained for challenges promptly identified and addressed (SI8, mean=3.40), staff training (S16, mean=3.45) and resource allocation (SI2, mean=3.48) among the cooperatives in Meru County. This indicates that the cooperatives have put in place ways to implement strategic plans but need to enhance their problem-solving mechanisms, staff training and resource provision for effective implementation of strategic plans. These results echo the finding in a study by Njoroge (2011), which reported that Kiambu dairy co-operatives could not take measures when solving strategy implementation challenges that derailed better performance of the dairy cooperative. Karanja (2023) also identified staff training as a challenge in Kenyan dairy cooperatives that lowers their performance. Based on the findings, if cooperatives can improve their problem-solving approach, train their staff and allocate adequate resources to strategic plan implementation, they are more likely to have superior performance outcomes, such as increased milk volumes, member satisfaction, and improved operating efficiencies.

CONCLUSION AND RECOMMENDATIONS

Conclusion: This study noted that strategy implementation has a strong effect on the organisational performance of dairy cooperatives in Meru County. Key to dairy cooperatives' performance improvement is the effectiveness of the strategic plan's implementation. However, resource scarcity, insufficient staff training, and poor problem-solving procedures are limiting strategy implementation in dairy cooperatives in Meru County, Kenya, which subsequently affects the performance of the dairy cooperatives in the region.

Recommendations: The study recommends that there is a need to strategically allocate resources to other initiatives in dairy cooperatives in Meru County. This means effective budgeting, staffing, technology and digitisation support the strategy. Managers are required to develop detailed implementation plans with definite resources and schedules. Low scores on the resource adequacy rubric suggest resource limitations are a major challenge to effective implementation. They also need to formulate staff training and development programs in line with their strategic goals. By improving in these areas, there will be an improvement in the strategy implementation and the overall performance of the dairy cooperatives in Meru County.

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