

**NOKIA'S RESPONSES TO CHALLENGES IN STRATEGY
IMPLEMENTATION IN AFRICA**

BY

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DECLARATION

This management research project is my original work and it has not been presented for examination in any other University.

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DECLARATION BY SUPERVISOR:

This management research project has been submitted for examination with my approval as the university supervisor.

Sign: -----

Date: -----

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DEDICATION

My study is dedicated to my loving family for their support, encouragement, and patience during the entire period of my study.

Finally, I pay glowing gratitude and tribute to my employer and colleagues for understanding me during the entire period of my study.

Thank you and God bless you abundantly.

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ABSTRACT

In strategy textbooks, implementation has usually been regarded as being distinct from strategy formulation and as a matter of adjustment of organizational structures and systems. Recent studies into future research areas in the strategic management field indicate that there is a lack of knowledge on strategy implementation and therefore, more research is essential into this important area of strategic management. None of these previous research studies appear to provide in-depth discussion and evaluation related to how these variables interact with and influences other variables and how these interactions impact on and influence the whole implementation process and outcome.

The purpose of this study is to establish the responses to challenges of strategic implementations by Nokia. This was a case study since the unit of analysis is one organisation. The researcher used both primary and secondary data. Primary data was collected using self-administered drop and pick interview guide while secondary data was collected by use of desk search techniques from published reports and other documents. The staff in the company included managers, directors and other staff in the ranks of management. A content analysis was employed.

From the study findings and discussion, the study concludes that early involvement of firm members in the strategy implementation process helped members understand super-ordinate goals. The challenges posed by the inadequacy of information systems used to monitor strategy implementation include the implementers not knowing how effective the strategy implementation has been. The study also concludes that strategic planning assists in responding to the challenges of strategy implementation. The formalities employed to ensure successful strategy implementation were such as strategic analysis, setting strategic direction and action planning. The study finally concludes that the strategies adopted by Nokia Company to ensure successful strategy implementation include participatory planning, staff motivation and strategic measurement.

The study recommends that in order to remain profitable and competitive in the market, the company should continuously train its employees on how the strategy should be implemented, involve staff in decision making and employ an efficient communication system that avails information on strategy to all stakeholders.

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CHAPTER ONE: INTRODUCTION

1.1 Background

All organisations exist in an environment that impacts how they formulate and implement strategies. This relationship with the environment creates both problems and opportunities. Nokia is a global company with offices in Kenya managing East and Southern Africa and operates in a very dynamic environment those changes rapidly. As such Nokia faces challenges in implementing strategies across the different markets. This study will focus on the challenges facing Nokia in implementing it's strategies and how it responds to those challenges.

Fundamental to all business is the relationship between supply and demand. In any industry managing demand is particularly important due to the fixed level of supply in the short term. Hence, many firms have always striven to ensure that their sales and the revenue from each sale is maximized. In order to achieve this core strategic goal, firms devise and manage the strategic process, the means by which potential demand is turned into actual demand. Firms which do this well will clearly gain competitive advantage over those which do not.

A significant amount of research has been conducted in the area of using computer-based systems to support collaborative group work. Technological support for collaborative group work is usually referred to as groupware. Groupware impacts the way people communicate with each other. Impacting communications results in impacting the way people work, eventually, the structure of the organization (Coleman and Khanna, 1995). The issues of strategic implementation are thus explored in detail.

1.1.2 Strategic Implementation

Strategic implementation is about working together and sharing information with each other. The value of any strategy and its potential contributions include increasing productivity, reducing costs, growing profits, and improving service or product quality.

The implementation process involves the collective wisdom, knowledge, and even subconscious minds of the collaborators. This powerful phenomenon is becoming a requirement to effectively compete in today's global marketplace (Alavi, 1994; Hills, 1997).

Implementing strategies successfully is vital for any organization, either public or private. Without implementation, even the most superior strategy is useless. The notion of strategy implementation might at first seem quite straightforward: the strategy is formulated and then it is implemented. Implementing would thus be perceived as being about allocating resources and changing organizational structure. However, transforming strategies into action is a far more complex and difficult task.

There is currently considerable interest in strategy implementation. Management interest can be gauged from the high levels of attendance at the large number of industrial conferences on the subject. Academic interest is manifest through the considerable number of papers on the topic (Neely, 1999). But this interest is not new. In the late 1970s and 1980s, authors expressed a general dissatisfaction with traditional backward looking accounting based on strategy implementation, identifying their shortcomings and arguing for change. In the late 1980s and early 1990s, this dissatisfaction led to the development of "balanced" or "multi-dimensional" strategy implementation frameworks. These new frameworks placed emphasis on non-financial, external and future looking strategy implementation. They were then quickly followed by the development of management processes specifically designed to give practising managers the tools to develop or redesign their strategy implementation system. The result has been the publication of alternative balanced strategy implementation frameworks and suggested management processes for the design of performance measurement systems.

As can be seen from the above, most of the more recent academic literature and practitioner activity has focused on the early stages of the development of the strategy implementation system, the conceptual frameworks and processes for designing the strategy implementation. There are few longitudinal studies of the implementation and continuous updating of strategy implementation systems, the subject of this paper.

In academic corporate governance research, it is also widely agreed that boards should contribute to corporate strategy (Goold and Campbell, 1990; Rindova, 1999; Zahra, 1990). But despite reasonable consensus on the board's responsibility for strategy, how boards should fulfill this responsibility has remained unclear (Hendry and Kiel, 2004, p. 502; Stiles, 2001). In sum, there is thus little consensus on the nature of this involvement (Hendry and Kiel, 2004). In parts this is due to the fact that the role of boards in strategy formulation and implementation is still an empirically understudied phenomenon in corporate governance research (Fiegener, 2005; Hendy and Kiel, 2004). In one of the most recent reviews of corporate governance research, Daily et al. (2003) thus continued to rank this topic under the most promising themes for future research and explicitly called for more focused studies on the board's role in strategy. Similarly, Pye and Pettigrew (2005) see further explorations of the process of board involvement in strategy inalienable.

Strategy implementation has attracted much less attention in strategic and organizational research than strategy formulation or strategic planning. Alexander (1991) suggests several reasons for this: strategy implementation is less glamorous than strategy formulation, people overlook it because of a belief that anyone can do it, people are not exactly sure what it includes and where it begins and ends. Furthermore, there are only a limited number of conceptual models of strategy implementation.

Organizations seem to have difficulties in implementing their strategies. Researchers have revealed a number of problems in strategy implementation: e.g. weak management roles in implementation, a lack of communication, lacking a commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors (Alexander, 1991; Giles, 1991; Galpin, 1998; Lares-Mankki, 1994; Beer and Eisenstat, 2000).

Pettigrew's (1987) framework for strategic change also sheds some light on the analysis of strategy implementation. Pettigrew distinguishes the content of the strategy, the outer and inner

contexts of an organization, and the process in which strategic change is carried out. Pettigrew contends that the content, the context and the process are intertwined and affect one another. This has an important impact on strategy implementation research. In order to understand implementation, which is close to the process in Pettigrew's model, also the content of strategy and the context in which it takes place must be understood.

Another issue influencing the study of strategy implementation is the perspective one has on strategy (Mintzberg, 1978). Implementation means carrying out the pre-determined strategic plans. Strategy emerges and evolves without interventions by the strategic planners, or in spite of them (Mintzberg, 1978).

It is believed that in reality some strategies are planned and some strategies just emerge from the actions and decisions of organizational members. Planned strategy and realized, or emergent strategy evolve hand-in-hand and affect each other in the process of strategy implementation, where strategies are communicated, interpreted, adopted and enacted (Noble, 1999).

From this perspective it is interesting to study how the strategies and the reality interact with each other through communication, interpretation, adoption and action. If this interaction is successful, the organizational vision may be achieved. When doing research from this view, the scope needs to be broad to grasp both the planning of the strategies and the real work practices through which the strategies come true.

1.1.3 The Mobile Phones Industry

The mobile phone market consists of all analog and digital handsets used for mobile telephony. Market volumes for a given year are defined as the number of shipments to end-users, including both new uptake and renewal purchases. Market values are given at retail selling price (RSP).

The top ten global mobile phones companies include; Samsung Electronics Co., Ltd. Nokia Corporation, LG Electronics, Inc, Motorola, Inc., Apple Inc, Sony Ericsson Mobile,

Communications AB, Research In Motion Limited, ZTE Corporation, HTC Corporation ,and Palm Inc.

Nokia dominates with a market share of 39.5%, Samsung has a market share of 15.1% with Motorola at 11%. The global mobile phones market grew by 12% in 2006 to reach a value of \$104.3 billion. In 2011, the global mobile phones market is forecast to have a value of \$211.9 billion, an increase of 103.1% since 2006. The global mobile phones market grew by 22.1% in 2006 to reach a volume of 800.2 million units. In 2011, the global mobile phones market is forecast to have a volume of 1,804.1 million units, an increase of 125.5% since 2006.

The global mobile phones market generated total revenues of \$114.3 billion in 2007, representing a compound annual growth rate (CAGR) of 12.8% for the period spanning 2003–07. The performance of the market is forecast to follow a similar pattern, with an anticipated CAGR of 12.1% for the five-year period 2007–12, which is expected to drive the market to a value of \$202.7 billion by the end of 2012.

The top 10 global mobile phones companies recorded revenues of \$349.3 billion during 2008, an increase of 11.8% over 2007. The operating profit of these companies was \$24.3 billion during 2008, a decrease of 23.5% over 2007. The net profit was \$ 14.8 billion in 2008, a decrease of 43.3% over 2007. The operating margin of the top 10 companies was 7% in 2008 as compared with 10.2% in 2007. The net margin was 4.2% in 2008 as compared with 8.4% in 2007.

1.1.4 The Profile of Nokia

Pursuant to the provisions of the Finnish Companies Act and Nokia Articles of Association, the control and management of Nokia is divided among the shareholders at a general meeting, the Board of Directors, the President and the Group Executive Board chaired by the Chief Executive Officer. Nokia follows rules and recommendations of the Helsinki, New York and Frankfurt stock exchanges, where applicable. Nokia's corporate governance practices comply with the Finnish Corporate Governance Code approved by the boards of the Finnish Securities Market Association and NASDAQ OMX Helsinki effective as of January 1, 2009.

Nokia Research Centre (NRC) has been exploring and developing mobile technologies for over 20 years. There are 500 employees in NRC teams in Europe, Asia, Africa and North America. Nokia has a variety of personal and technical backgrounds, but they are all researching topics related to the future of mobility in the merging physical and digital worlds.

The Board decides on matters that, in relation to the Group's activities, are significant in nature. Such matters include confirmation of the strategic guidelines, approval of the periodic plans and decisions on major investments and divestments. The Board appoints the CEO, who also acts as President, the Chairman and the members of Nokia's Group Executive Board. The Board also confirms the remuneration of the President and CEO.

Nokia has an internal audit function that acts as an independent appraisal function by examining and evaluating the adequacy and effectiveness of the company's system of internal control. Internal audit resides administratively within the CFO's organization and reports to the Audit Committee of the Board of Directors. The head of internal audit function has at all times direct access to the Audit Committee, without involvement of the management.

The Nokia Code of Conduct sets its approach to ethical business practice. It outlines our commitment to respect and promote human rights and fair workplace practices, equal opportunities, environmentally sustainable business, and our zero-tolerance policy on bribery and corruption. The Nokia Code of Conduct, which was first introduced in 1997, has had its latest renewal in 2009

As a market leader, the best contribution Nokia can make to the global community is to conduct its business in a responsible way. This belief drives Nokia's commitment to creating ethically sound policies and principles that guide it in its work. Nokia's Corporate Responsibility (CR) agenda is framed around the Nokia Values and is carried out in all aspects of Nokia's work to ensure customer satisfaction and respect, and also to assist in embracing renewal and striving for achievement. By striving to include all members of Nokia's community in this process, Nokia is demonstrating its overall commitment to the belief that responsibility is everybody's business.

Nokia has a vision of a world where everyone is connected. With mobile subscriptions about to reach four billion, Nokia is closer to its vision than anyone could have imagined just a few years ago. Nokia's business benefits people, communities and the environment in new and exciting ways.

As Nokia business expands, so do Nokia's responsibilities. This sense of corporate responsibility (CR) is a fundamental part of who Nokia are. Considering the wider impact of Nokia actions is embedded in the Nokia Values, which guide Nokia behavior, and in the Nokia Code of Conduct, which gives guidance to Nokia everyday work. NRC is a part of Nokia's Corporate Development Office whose aspiration is to be the world's most loved and admired brand can only be achieved by considering not just what Nokia do but how Nokia does it. It requires Nokia to strictly adhere to laws and regulations and to go beyond this, by setting its goals much higher.

Global challenges such as climate change and poverty concern Nokia too. As a business that affects the lives of billions around the world, Nokia is in a key position to offer solutions to these challenges. Nokia brings the benefits of mobile technology to more people in ways that reflect Nokia values and responsibilities. Maximizing the benefits of mobile communication and minimizing potentially negative effects requires commitment from governments, civil society, and the business sector. However, Nokia recognize that as a market leader with global operations, its potential impact, and therefore its responsibility, is great.

From a social growth and economic development perspective, Nokia acknowledge its impact and responsibilities throughout its value chain: in sourcing, product design, manufacturing, employee well-being, business partnerships, recycling, community involvement, and communications. Through product lifecycle Nokia responds to various environmental needs. Through employee relations, supply-chain management, and consumer offerings Nokia aim to have a positive social influence.

Nokia's overall response to its stakeholders is to produce high-quality, safe products while upholding the law, protecting the environment, and following sound best practices. It is an

expectation they strive to meet. Nokia Research Center (NRC) is chartered with exploring new frontiers for mobility, solving scientific challenges to transform the converging Internet and communications industries. Nokia has teams which are strategically located worldwide to collaborate with leading universities and research institutes in the mode of Open Innovation.

1.2 Statement of the Problem

In strategy textbooks, implementation has usually been regarded as being distinct from strategy formulation and as a matter of adjustment of organizational structures and systems (Galbraith, 1980; Hrebiniak and Joyce, 1984; Higgins, 1985; Thompson and Strickland, 1987; Pearce and Robinson, 1994). It seems that this approach is limited, and a number of new perspectives to this problematic phenomenon have emerged.

Recent studies into future research areas in the strategic management field indicate that there is a lack of knowledge on strategy implementation and therefore, more research is essential into this important area of strategic management. The lack of comprehensive implementation frameworks is particularly raised by a number of scholars (Alexander, 1991; Noble, 1999). Noble (1999) states that there is a significant need for detailed and comprehensive conceptual models related to strategy implementation.

Most critically, a clear conceptualization of what is meant by strategy in the first place has often been amiss. Second, extant corporate governance research has largely relied on a single theoretical perspective – agency theory. More recently, however, scholars noted that the one-sided use of the agency perspective in corporate governance research is inappropriate for explaining or conceptualizing boards' strategy roles (Daily et al., 2003). Similarly, McNulty and Pettigrew (1996) argued that “little has been said by agency theorists about strategy as a means of control over managers”. More generally, board involvement in strategy has been judged a complex, multidimensional organizational phenomenon that cannot adequately be captured within a single theoretical perspective (Fiegener, 2005). Third, scholars' limited access to

strategic decision-making processes has clearly hamstrung the ability to generate deeper insights in this area (Chakravarthy and White, 2001; McNulty and Pettigrew, 1996).

Researchers have so far mostly relied on proxies for the board's strategy role rather than a direct measure for it. Specifically, most studies have imputed boards' strategic involvement from its antecedents or consequences, but have not directly observed actual board behavior (Ravasi and Zattoni, 2006; McNulty and Pettigrew, 1996; Stiles, 2001). According to Huse and Gabrielsson (2004) fewer than one out of eight empirical board studies published in leading scientific management journals are about actual board behavior. This shortcoming raises doubts about the viability of past findings on the impact of boards, for instance, on innovation or diversification strategy (Deutsch et al., 2007; Yoshikawa and Phan, 2005; Tihanyi et al., 2003). Of course, action research would be most desirable from an empirical research perspective (Huse and Gabrielsson, 2004). But, in fact, only a few researchers really have the opportunity to act as “flies on the wall“ and to observe board dynamics in real time (Huse and Schønning, 2004; Winkler, 1987). As a result, thinking about new ways for investigating boards' roles in strategy becomes necessary.

However, the majority of previous researchers appear to just list implementation variables, or illustrate them graphically, and then go on to describe each variable individually and not its importance in the implementation process. None of these previous research studies appear to provide in-depth discussion and evaluation related to how these variables interact with and influences other variables and how these interactions impact on and influence the whole implementation process and outcome. Having identified this gap both in the strategic and mobile phone industry, a research project was undertaken to investigate the implementation process of strategic decisions in Nokia.

Locally, Karimi (2007) carried a research on challenges of strategic implementation in mathare 4a slum upgrading in Nairobi, Kiuna (2007) did a research on strategy formulation. Kung'u (2007) carried out a survey on strategy implementation challenges in the main stream churches in Kenya while Mecha (2007) did a study of strategy choice at the Kenya Pipeline Company using

Ansoff's grand strategies matrix. It is not known if both local and international studies have ever focused on responses to challenges of strategic implementation by Nokia. This study thus tries to fill the research gap that exists by carrying out a case study of responses to challenges of strategic implementation by Nokia.

1.3 Objectives of the Study

The main objective of this study will be to establish the responses to challenges of strategic implementations by Nokia.

The study was guided by the following specific objectives:

- i. To determine the challenges of strategic implementation faced by Nokia, and
- ii. To establish the responses by Nokia to challenges in strategy implementation

1.4 Significance of the Study

The study is valuable to the following:

To the Nokia company: the study is invaluable to the Nokia company management in that it will provide insights into the various approaches towards strategic implementation and frameworks of strategic implementation to ensure efficient utilization of resources.

To the government: the study is useful to the government in policymaking regarding taxation and other regulatory requirements of the ministry of trade and industry.

To the academicians: the study will provide a useful basis upon which further studies on strategic implementation in the private and public sector could be conducted.

This research will make a contribution to the academic literature on the field of strategic implementation in Kenya where very little is known about its application.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are challenges in strategy implementation and how organisations respond to those challenges.

2.2 Strategic Implementation

Woolridge and Floyd (1990) noted “It can be much easier to think of a good strategy than it is to implement it”. Much of the shortcomings in the strategy area is attributable to failures in the implementation process rather than in the formulation of strategy itself (Beer et al., 1990; Woolridge and Floyd, 1990).

Schmidt (1994) claimed that a strategic change can be successfully implemented through a four-stage process. The processes are assess the organizational capabilities and behavior needed to move from what the company is to what it needs to become, determine what work processes would be required to implement the strategy and design current work processes to fit those requirements, identify what information needs the work processes generate, and determine what information systems and databases would be required to meet those needs and determine which organizational structure would best support those work processes.

According to strategy process scholars such as Mintzberg (1978), Bower (1970) and Burgelman (1983), initially intended strategies may remain unrealized while new unforeseen elements may emerge in the strategy formation process. Considering emergent strategic behavior, strategy forms as “a pattern in a stream of resource allocation decisions” over time (Mintzberg, 1978). The outcome of strategy formulation is the firm's intended strategy. According to Mintzberg (1978) the outcome of the strategy implementation process or realized strategy might differ from the intended strategic path. Thus, the intended strategy can be seen as the benchmark against which financial markets and shareholders measure company actions. Boards should intervene if

intended and realized strategy diverges significantly or the realization of the intended strategy goes off track and corrective actions are not taken by corporate management (Jensen and Meckling, 1976; Jensen, 1986).

2.2.1 Strategy Implementation Frameworks

Starting in the early 1980s, several frameworks have been developed which are largely conceptual and/or descriptive. The overriding assumption among all these frameworks is that there must be a “fit” among the variables if the implementation process is to be successful. While proposing their frameworks, all scholars emphasize that there are continuous interactions among these variables and it is these ongoing interactions which make implementation possible. Based on a critical review of previous frameworks, ten key variables were identified. These are strategy formulation, environmental uncertainty, organizational structure, culture, operational planning, communication, resource allocation, people, control and outcome. Previous researchers have grouped implementation variables into a number of categories such as “content”, “context”, “process” and “outcome”. Critical analysis reveals that the previous researchers have adopted these groupings mainly from Pettigrew’s works on managing strategic change (Pettigrew et al., 1992). There is no consensus as to which variable should be included in which grouping but there are suggestions made by previous researchers. Previous researchers appear to view strategic content as the overall strategic direction of the company and the need to design new initiatives.

Whereas it is argued that strategies are initiated and implemented in a strategic context and the variables in this grouping support and influence the implementation process; however, they are less controllable than the process variables (Bryson and Bromiley, 1993; Schmelzer, 1992).

The operational process variables are seen as those which are primarily used and directly involved in the implementation process. It is assumed that companies have substantial control over these variables, at least in the short-term. The main difference between the context and process variables is that the latter are primarily used and employed in implementing decisions,

while context variables are not primarily used but they are taken account of due to obstacles and problems in the implementation process.

The outcome variables are seen as the expected results of the initiated strategy. Based on these classifications and the review of the characteristics of the individual variables, the key variables were further grouped and a framework was developed which formed the basis of the fieldwork investigation.

2.2.2 Long Term Successful Strategy Implementation

Lingle and Schiemann (1994) found that there are six areas of vital importance to long term successful strategy implementation. These areas are: market, people, finance, operation, adaptability, and environment. However the following implementation problems can be derived from the above mentioned areas: uncontrollable factors in the external environment had an adverse impact on implementation and major problems surfaced which had not been identified earlier.

McGrath et al. (1994) indicated that the political turbulence may well be the single most important issue facing any implementation process. Consequently, the following problem may occur: advocates and supporters of the strategic decision left the organization during implementation.

Sandelands (1994) argued that people underestimate the commitment, time, emotion, and energy needed to overcome inertia in their organization and translate plans into action. Based on this, the following implementation problem was formulated: implementation took more time than originally allocated.

Clearly, the recent literature survey shows implementation problems cited 15 years ago still recurring.

2.2.3 Board's Role in Strategy Implementation

The understanding of the board's role in strategy implementation has remained fairly vague (Hendry and Kiel, 2004; Zahra, 1989). As of today, relatively little is known empirically and theoretically about the nature and ideal form, frequency, scope and effectiveness of board involvement in strategy implementation (Fiegener, 2005; Zahra, 1990). In line with its control function, we suggest that the board's role in strategy implementation should be to ensure that the intended corporate strategy is in fact realized. Even though this conceptualization seems fairly obvious from an agency perspective, it is essential because it introduces an important distinction between a firm's intended and realized strategy into the debate on the board's role in strategy. Extant studies on the role of boards in strategic decision-making have largely ignored the emergent nature of strategy and its implications for board involvement (for an exception see Stiles, 2001; McNulty and Pettigrew, 1996). But the more an organization is characterized by an emergent strategy-making process and the more fluid and fragmented decision-making processes are as a result of this, the less likely is the board to be formally involved in it.

Nonetheless, board involvement in strategy implementation should not be unrestricted but disciplined. Most importantly, a board should not directly engage in strategy implementation since such a direct engagement is likely to create role conflicts with the executive management of a firm. This concern is based on insights from upper echelons research that found that people who define and implement the strategy are much less likely to question their own ideas and less likely to move away from the beaten strategic path (Sundaramurthy and Lewis, 2003). A direct participation of boards in strategy implementation might be harmful since boards might adopt attitudes that validate the defined strategy (Fiske and Taylor, 1991; Staw, 1981). As a consequence, boards might lose their own critical capacity to continuously question the strategy if they have actively supported its implementation. Thus, they are subject to the same myopia executive management is thought to be affected by. Such a constellation would predetermine the strategic orientation of the firm.

Traditional performance measures, developed from costing and accounting systems, have been criticized for encouraging short-termism (Banks and Wheelwright, 1979; Hayes and Garvin, 1982), lacking strategic focus (Skinner, 1974), encouraging local optimization (Hall, 1983; Fry and Cox 1989), encouraging minimization of variance rather than continuous improvement (Johnson and Kaplan, 1987), not being externally focused (Kaplan and Norton, 1992) and even for destroying the competitiveness of US manufacturing industry (Hayes and Abernathy, 1980). At the time, many performance measurement systems in the UK and USA were heavily financially biased and it has been argued that systems which were specifically designed for external reporting were being inappropriately used to manage business enterprises (Hayes and Abernathy, 1980).

In an attempt to overcome these criticisms, performance measurement frameworks have been developed to encourage a more balanced view. For example, Keegan et al. (1989) propose a balance between internal and external measures and between financial and non-financial measures; Cross and Lynch (1988-1989) describe a pyramid of measures which integrates performance through the hierarchy of the organisation; Fitzgerald et al. (1991) distinguish between the results and their determinants and Kaplan and Norton (1992) between the four perspectives of their “balanced scorecard”. These frameworks are therefore multi-dimensional, focusing more on non-financial information in an attempt to redress the balance. They are designed to provide a balance by including measures of external success as well as internal performance, and measures which are designed to give an early indication of future business performance as well as a record of what has been achieved in the past.

Venkatraman (1994) suggested that IT use brings more benefits as its exploitation by a business moves from localized exploitation, to internal integration, to business process redesign, to business network redesign and, finally, to business scope redefinition. The second concept emerges from issues regarding knowledge management and the use of IT to increase the intellectual capital of firms (Nonaka and Takeuchi, 1995). Knowledge management advocates the use of IT in order to develop a digital nervous system (Gates, 1999) that would support the

structural capital of a company, such as the firm's policies, information database and culture and which, in turn, would help to enhance the business' human capital.

2.3 Challenges of Strategic Implementation

The available literature in the 1990s on strategy implementation was examined in order to identify potential strategy implementation problems. Eisenstat (1993) indicated that most companies attempting to develop new organization capacities stumble over these common organizational hurdles: competence, coordination, and commitment. These hurdles can be translated into the following implementation problems: coordination of implementation activities was not effective enough, capabilities of employees were insufficient, training and instruction given to lower level employees were inadequate and leadership and direction provided by departmental manager were inadequate.

Wessel (1993) stated clearly that most of the individual barriers to strategy implementation that have been encountered fit into one of the following interrelated categories: too many and conflicting priorities, the top team does not function well; a top down management style; inter-functional conflicts; poor vertical communication, and inadequate management development. These categories can be translated into the following problems: competing activities distracted attention from implementing this decision, changes in responsibilities of key employees were not clearly defined, key formulators of the strategic decision did not play an active role in implementation and problems requiring top management involvement were not communicated early enough.

Other notable challenges to strategy implementation put forward by scholars include; improper or inadequate planning, changing market conditions, competing tactics, management challenges, and operation-related challenges.

Improper or inadequate planning: Manufacturing strategies are not like cook-books where one can follow a recipe and expect the results to be just fine. The needs and requirements of every company are different. If we apply a generic solution to all industry types, it is less likely that the

returns on investment will be optimal considering their usefulness. For example, there is no single best strategy to implement JIT. They are not made to a general specification as “one size fits all”. For example, a line of strategic tactics initially identified for one company may not be applicable to a second company.

Changing Market Conditions: The goals of a company frequently change with time and market conditions. A line of tactics that were chosen in one market condition or factory may not be valid in another. Depending on the market, business and factory (process) conditions at a particular point in time, a line of strategy and tactics should be dynamically designed and introduced. Mid-course corrections are necessary if the assumptions about company goals and market condition are no longer valid.

Competing tactics: Many of the manufacturing strategies and tactics overlap each other. There are many possible sets of answers for the same set of requirements. An example of a typical overlap between a set of possible strategic tactics can be shown. There could be many situations like that when a set of strategic tactics is chosen for implementation. Suitability of chosen strategic tactics depends on the current production process, culture and many other factors that are in place. Thus, a line of strategic tactics initially identified at the start of a production process may not be valid later in the production process. Because of the competing nature, an updated set of tactics might be more appropriate and cost-effective later.

Management Challenges: This includes a lack of top management commitment, poor knowledge about techniques to be implemented, inadequate resources acquired in implementing the techniques, disorderly implementation, lack of employees’ participation, lack of training and education.

Operation-related Challenges: This includes unstable demand, and the variety of products. There are many operation-related problems to implementing strategies. These are problems with suppliers, need for production software, loss of control of inventory, inapplicability of strategies to low-volume operations or batch oriented productions, management complacency and fear of late production; and conflicts with ongoing projects.

Such problems include long set up times, capacity imbalance between production stages, an inflexible work-force, and variable process times. Most of the process-related problems can be solved by proper education and training.

2.4 Responses to Challenges of Strategy Implementation

According to Van de Ven (1992), a review of the evolution of the field of strategy process research reveals that it faced identical issues in its development. Akin to corporate governance researchers, scholars in the field of strategic decision making observed that “real time studies of strategy process are difficult. It is unlikely that a firm engaged in a new strategy would allow a team of researchers to observe its evolution from multiple vantage points (Chakravarthy and White, 2001). Various responses by different authors are discussed below.

2.4.1 Strategy Monitoring and Accountability

Effective implementation requires continual monitoring of progress in implementing the plan, of the competitive environment, of customers’ satisfaction, and of the financial returns generated by the strategy (Chakravarthy and White, 2001). And, monitoring is meaningless if it is not accompanied by accountability – and change when change is warranted.

Strategic analysis, agenda setting, strategy implementation including progress monitoring are confronted with barriers very often. Typically some barriers have a strong link with specific phases and their attributes. Opposite and important as well are those barriers that can be found in the organizational context, e.g. in corporate culture (Avilla et al, 2005). Furthermore one should also consider that overcoming identified barriers cannot guarantee in general that the right strategic decisions will be made or that strategic implementation will be better executed. Most organizations would see this as desirable outcome, but there is a number of overlapping features (e.g. creativity, organizational learning, and capital resources) that also have an impact on the planning results. Organizations have to accept the counterintuitive notion that the strategic planning process is not able to design strategy (Deloitte, 2005). Nevertheless there are three major benefits when overcoming identified barriers and problems.

Often organizations are concerned about the effort to implement and to run a strategic planning process. To set up an appropriate planning process Giles (1991) highlights the benefits of a tailored planning cycle. The instrument is to free business units from the need to conduct the planning process every single year; hence these units undertake strategic planning only every two or three years. In this planning approach organizations can employ trigger mechanisms to identify which business units need to undergo the full planning process. Major benefits are: The corporate strategy function can focus its resources on critical strategic issues. Furthermore business units that have started a new strategy a short time ago are not forced to run this process again and can focus on strategy execution. Using this tailored planning cycle approach some business units have to review the strategy they developed a year ago and make minor adaptations. Other business units should completely reinvent themselves due to their several years old strategy that has reached maturity. However, when important changes in the external environment occur, senior management must be able to address strategic issues with the relevant business units on an ad hoc basis (Chakravarthy and White, 2001).

2.4.2 Strategic Planning

Since the implementation of a strategy can not only be achieved by top- and middle managers, all employees should be linked with the implementation. Employees should believe in and understand the rationale behind a strategy to ensure its success. This has to be ensured by an appropriate communication. Deloitte (2005) confirms this and also highlights the importance of commitment: Effectively communicating the chosen strategy to every level of the company is of paramount importance and the chosen strategic direction must be communicated through a process that builds commitment. Motivation and engagement play a major role.

Mintzberg and Waters (1985) view strategic planning as a pattern in a stream of decisions. This view similar to Johnson and Scholes (2002) identified three approaches to strategy development as a deliberate and planned managerial process; these are the planning view, the command view and the logical incremental view. The logical incremental view sees strategy to develop through small stepwise responses to a gradually changing environment. Mintzberg (1978) on the other

hand advance the view of logical instrumentalism whereby strategy making is characterized by economic and behavioural factors. The behaviour of the manager is thus important in strategy development.

Strategic planning could be formal or informal. Formality in strategic planning refers to the degree in which participant (Pearce & Robinson, 2008), responsibilities, authority and discretion in decision making specified (Pearce and Robinson 2002). Formal analytical process is characterized by use of analytical tools and methodologies to help managers reach a corporate success (Hofer and Schendel 1978). Formal strategic planning usually ends up with a document, the strategic plan. A strategic plan is a comprehensive statement about the organization's mission and future direction near term and long-term performance targets and how management intends to produce the desired results to fulfil the mission, given the organization's situation (Thompson and Strickland 1993).

The informal approaches to strategy are characterized by executive bargaining and negotiation, building of coalition and practices of muddling through (Beinhocker et al, 2002). Informal planning is usually intuitive and under the influence of a visionary figure. Strategy should be managed through planning process as in form of a sequence of steps. This is supported by among them Ansoff and McDonnell (1990), Bowman (1998) and recently in the 1980s Michael Porter. The view assumes some degree of consensus and among decision makers. According to Johnson and Scholes (2003), this involves objective setting analysis of environmental trends and resource capabilities, evaluation of different options and careful planning of implementation of strategies. Strategy is then communicated to the organization and implanted through successive organizational layers.

Mintzberg (1978) views planning strategy as precise intentions that are formulated and articulated by central leadership and backed up by formal controls to ensure their surprise free implementation in an environment that is controllable and practicable. In planning view, strategies are proposed to develop through a rational and formalized sequence of analytical and evaluative procedures. The command view is where by strategy develops through the direction of

an individual or group and not necessarily through formal planning. The strategy would be an outcome of an autocratic leader or dominant leader who becomes personally associated with strategy development of the organization. Such individuals may be the owner or co-founder or political appointee of the organization. Usually such organizations are small enterprise or public sector organization.

Hendry and Kiel (2004) observed that planners were better than non-planners at identifying opportunities, setting goals and objectives, and setting proper strategies and effective tactics to achieve them as evidenced by their higher growth rate and higher operational efficiency ratios. He also points out that planners are also more aggressive than non-planners in pursuit of business objectives. Imposed strategy the external environment dictates patterns in the actions either through direct imposition or through implicating pre-empting or bounding organizational choice (Mintzberg 1978).

Deloitte (2005) argues that it is crucial that the chosen strategy be specific, as it will lead employee decisions regarding the measurement plans. Thommen and Achleitner (2006) distinguish between direct and indirect measures. Direct measures have a direct effect on the organisation. These are plans and budgets, project plans, management systems, organisation, information systems and the assignment of managers. Indirect measures such as employee information, corporate identity training, and corporate culture, support direct measures.

Based on the experience gathered through in-depth case studies, strategy process scholars found it insufficient to look at how firms' intended strategies (articulated in the form of mission and vision statements (changed)). This understanding was mainly based on the insight that a firm's strategy did not come about as part of a firm's single planning event at a specific point in time, but that a firm's de facto strategy was formed by a stream of resource allocation decisions taken on multiple levels of an organization (Ansoff, 1990; Burgelman, 1983; Mintzberg, 1978). Consequently, resource allocation decisions became the proxy for managers' role and effectiveness in strategy implementation. For instance, in the form of clinical case studies Noda and Bower (1970) and Burgelman (1983) gathered information about resource allocation

decisions from public and archival sources to approximate the impact of multiple management levels on the development of a firm's strategy (Bower, 1970; Burgelman, 1996, 1983). In doing so, process scholars took advantage of the nature of resource allocation data.

First, data on resource allocation is easily accessible as publicly listed firms are required to publicize important resource transactions, such as acquisitions, layoffs, divestments, investments, co-operations, joint ventures etc. Second, publicly available resource allocation data has a fairly high degree of reliability which is ensured by a number of institutional pressures (e.g. financial market pressure; legal obligations). Third, resource allocation data may be analyzed qualitatively as well as quantitatively. With the help of structured databases, process scholars turned heterogeneous data into a joint and conclusive format. Most prominently, Van de Ven and colleagues demonstrated the usefulness of such a database approach in empirical strategy process research (Van de Ven et al., 2006).

To generate a variety of ideas the organisation has to ensure that various perspectives and different levels of knowledge are reflected. One option to reach this objective is to include management representatives from all functional units of the organisation; another option is to divide the planning process into two parts (Giles, 1991).

Dye and Sibony (2007) argue that assigning and involving the right people represents an important factor for the planning process. Based on their research results they give a general description of right people: the most knowledgeable and influential participants, stimulating and challenging the participants' thinking. Hence strategic planners from the business unit level and the corporate level as well as people who carry out the strategic moves, e.g. corporate decision makers, business unit leaders and people with expertise, should participate in strategic conversations.

Farrell and Associates (2005) recommend dividing strategy finding into two complementary activities. One activity is the formal organization of the strategic planning process; corporate planning departments can make their contribution around the process. Their primary tasks

include supplying formal analyses and other hard data to broaden the consideration of issues. This activity is not intended to discover the right answer.

The second complementary activity can be found within managers' responsibility to formulate a strategy. This is an iterative process that starts with an invention, an idea or an innovation. In this activity soft skills like lateral thinking, creativity and intuition are requested. The results of this activity can be summarized into a strategic plan. It can be recommended to merge this plan with other departmental strategic plans by corporate planners to set up a comprehensive strategic plan for the entire organization. This is confirmed by Avila et al (1995), who recommend that the organisation should couple the functional strategies "with actions in other parts of the business systems to reinforce the impact of the functional improvements and limits the extent of any counteracting effects.

2.4.3 Improving the Cultural Context

The organization's culture represents the context in which strategic planning processes and tools work. Hence cultural issues, e.g. conversation style have an impact on the planning process. McKinsey (2006) see a spirit of debate and productive challenge among senior and middle managers as an option to influence the organisation's culture. Organizations should establish a culture that gives people permission to raise uncomfortable truth and question the assumptions on which strategies are built.

Organizations have to consider that the establishment of such an organizational culture that allows fruitful debates and tolerates mistakes does not happen overnight. Furthermore organizations have to start this change from the top. Under some circumstances it may require changes in personnel, too (Pye and Pettigrew, 2005).

Planning cycle and corporate culture can be seen as contextual factors, which determine the planning process. The next subchapters will highlight some recommendations that are directly related to specific phases within the strategic planning process. When analyzing external and internal factors most organizations employ a static view of these factors. Other problem areas

can be found in the large number of external data and unexpressed customer needs. In order to develop a successful and sustainable strategy, organisations should also apply an approach that considers the impact of so called secondary effects. Furthermore planned systems and structures should also be in place for tomorrow's environment. Avila et al (1995) recommend taking a dynamic view of the marketplace. Therefore organisations should anticipate competitive reactions and explicitly incorporate them into their strategic analysis. This dynamic view is in line with the recommendations by Farrell and Associates (1995) who stress that organizations' strategy analysis should include products, markets and channels of both today and tomorrow.

To reduce the problems related to the analysis of a large number of external data, it is recommended to structure the environment into different segments and sub-segments. Segments could be general environment, business market and industry; where technology and economy could be sub-segments of the general environment. The creation of different scenarios can be seen as a way to manage the uncertainty of forecasts.

Unexpressed customer needs. To identify unexpressed customer needs McKinsey (2006) recommend starting with the customer using a so called strategic customer research. The objective of this analysis is "to explore the unstated priorities that customers sense but can't fully articulate and to identify so called "future defining" customers, too.

As Huse and Gabrielsson (2004) outlined, action research would be best suited to assess how effective board members are in fulfilling the previously discussed role in strategy implementation. One major difficulty corporate governance researchers face, however, is that the chance for participatory observations is an exception rather than the rule (Pettigrew, 1992). The reasons for these difficulties lie in the confidentiality of strategic issues as well as the fact that today's increased legal accountability of board members makes them even less inclined to allow researchers to observe their behavior. Under the premise that only few researchers have opportunities to observe interactions between board members and between board members and executives, which could give an indication for their effectiveness in guiding strategy implementation, alternative methods are required for empirical investigations.

2.4.4 Competitive Strategy

Companies respond to challenges of strategy implementations by adopting competitive strategies in their operations. Competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position (Thompson & Strickland, 1993). It concerns what a firm is doing in order to gain a sustainable competitive advantage. Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Prahalad and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics: it provides access to a wide variety of markets, it increases perceived customer benefits, and it is hard for competitors to imitate. Porter (1980) outlines there are three approaches to competitive strategy: Striving to be the overall low cost producer, i.e. low cost leadership strategy; Seeking to differentiate one's product offering from that of its rivals, i.e. differentiation strategy; and Focus on a narrow portion of the market, i.e. focus or niche strategy.

A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 1993). Sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. Prahalad and Hamel (1990) define a core competence as an area of specialised expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics: It provides access to a wide variety of markets; It increases perceived customer benefits; It is hard for competitors to imitate. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than its rivals. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will, perceive as superior value. This entails either a good quality product at a low price, or a better quality product that is worth paying more for.

Porter (1990) noted that competitive advantage is the ability of the firm to out-perform rivals on the primary performance goal profitability. Porter (1980) also argues that there is essence of business to create competitive advantage that comes in a number of ways such as low-cost production or market differentiation. Bennet (1983) identified three elements that collectively lead to competitive advantage that creates value and they have called these elements the corporate strategic triangle: resource (company assets, skills and capabilities). Strategic business units and other key segment of the society: structure, systems and processes. They argue that these three sides of vision, goal and objectives to produce competitive advantage that could lead to value creation. The importance of improving a company's image and points out that the first step in doing this is finding out where one is currently; which can be done by determining the target audience, especially the employees (Hill and Jones, 2003).

Being ahead of the game requires that firms employ competitive strategies that is sustainable and assures them of their market position. A firm without superior strategy is like a bride man leading the way, and actually existence of strategy is not a guarantee for success. Institutionalizing those strategies, allocation of adequate resources, visionary leadership and good corporate culture, amongst others are necessary ingredients for successful business success strategies.

To be successful overtime, an organization must be in tune with its external environment. There must be a strategic fit between the environment wants and what the firm has to offer, as well as between what the firm need and what the environment can provide (Woolridge and Floyd, 1990). The speed or response time to the environment challenges has been identified (Pearse and Robinson, 1997) as a major source of competitive advantage for numerous firms in today's intensely competitive global economy. Its thus imperative to quickly adjust and formulate strategies so as not to be overtaken by events.

Businesses become successful when they possess some advantage relative to their competitors (Pearce and & Robinson, 1994). The core of success or failure of an organization rests in the level of competition and strategies used. A company's successful strategies therefore, consist of

the business approaches and initiatives it undertakes to attract customers and fulfill their expectation, to withstand competitive pressure and to strengthen its market position. Effective strategy may enable a business to influence the environment in its favour and even defend itself against competition. Barney (2005) also adds that given the current focus in business, there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of weaknesses and avoid head on clashes against strengths.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was used in gathering the data, analyzing the data and reporting the results. Here the researcher aimed at explaining the methods and tools used to collect and analyze data to get proper and maximum information related to the subject under study.

3.2 Research Design

This was a case study since the unit of analysis is one organisation. This was a case study aimed at getting detailed information regarding the Nokia's responses to the challenges of strategic implementation. According to Yin (1994) a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Kothari, (2004) noted that a case study involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primarily data collected from such a study is more reliable and up to date.

3.3 Data Collection

The researcher used both primary and secondary data. Primary data was collected using self-administered drop and pick interview guide while secondary data was collected by use of desk search techniques from published reports and other documents. Secondary data includes the companies' publications, journals, periodicals and information obtained from the internet.

The interview guide had open-ended questions. The open-ended questions enabled the researcher to collect qualitative data. This was used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the study. The interview guide designed in this study comprised of two sections. The first part includes the demographic and operational characteristics designed to determine fundamental issues including the

demographic characteristics of the respondents. The second part was devoted to the identification of the responses to challenges of strategic implementations by Nokia where the main issues of the study were put into focus.

The staff in the company included managers, directors and other staff in the ranks of management. This made it easier to get adequate and accurate information necessary for the research. The interview guide was administered through drop and pick method to give the respondents time to respond to the questions at their convenience.

3.4 Data Analysis

Before processing the responses, the completed interview guide was edited for completeness and consistency. A content analysis was employed. The content analysis was used to analyze the respondents' views about the responses adopted by Nokia to the challenges of strategy implementations. The data was then coded to enable the responses to be grouped into various categories. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents the findings of the study and the analysis of the data collected from the interview guide which was administered to the managers of Nokia. The interviewees to the interview guide were the managers, directors and other staff in the ranks of management at Nokia.

4.1.1 Response Rate

Table 4.1: Response Rate

Response	Frequency	Percent
Responded	30	75
Not responded	10	25
Total	40	100

Source: Author, 2010

According to the data collected, 30 out of the 40 target respondents in the previous chapter to be interviewed were interviewed which makes a response rate of 75%. The commendable response rate was achieved after the researcher made frantic efforts at booking appointments with the respondents despite their tight schedules and making phone calls to remind them of the interview.

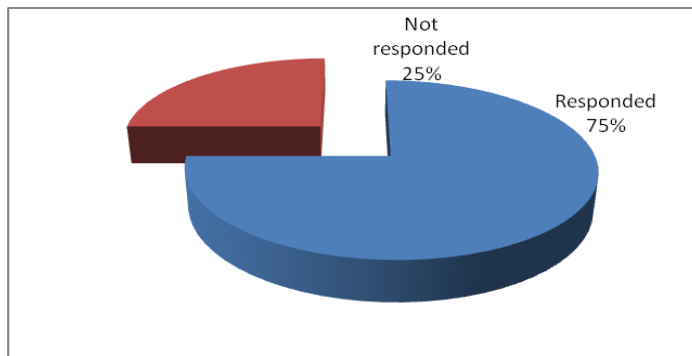


Figure 4.1: Response Rate

Source: Author, 2010

4.1.2 Length of Service/Working

Table 4.2: Year of Service/Working Period

	Frequency	Percent
less than 1 year	8	26.7
1 to 5 years	13	43.3
6 to 10 years	7	23.3
over 10 years	2	6.7
Total	30	100.0

Source: Author, 2010

43.3% of the respondents indicated that they had served in the company for a period of 1 to 5 years, another 26.7% of the respondents indicated that they had served in company for a period of less than 1 year, 23.3% of the respondents indicated that they had served in company for a period of 6 to 10 years, while 6.7% of the respondents had served in the company over 10 years.

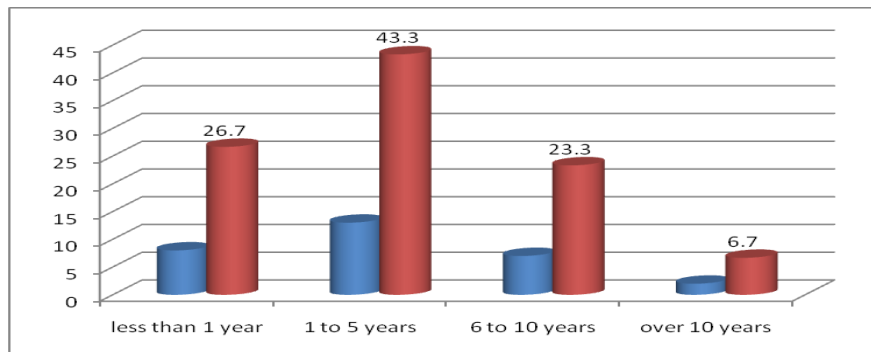


Figure 4.2: Year of Service/Working Period

Source: Author, 2010

4.1.3 Highest Level of Education

Table 4.3: Highest Level of Education

	Frequency	Percent
college	17	56.7
secondary	3	10.0
bachelors	10	33.3
Total	30	100.0

Source: Author, 2010

According to the findings, majority of the respondents had a college level of education as shown by 56.7%, 33.3% of the respondents were university degree holders, while 10% of the respondents were secondary school certificate holders.

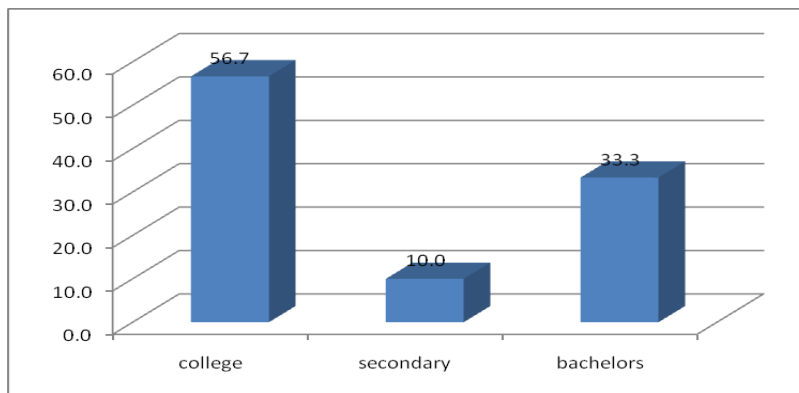


Figure 4.3: Highest Level of Education

Source: Author, 2010

4.2 Strategy Implementation

The study sought to establish the people that are involved in strategy implementation process in Nokia. The interviewees indicated that senior managers, directors, middle managers, departmental heads and other lower level employees are involved in strategy implementation process at Nokia but the middle level managers play the pivotal role in the implementation. The

interviewees further indicated that the role that strategy implementation play in the organization was that of ensuring that the activities stipulated in the strategic plan are executed to completion.

On the effect of early involvement of firm members in the successful strategy implementation, the interviewees said that early involvement of firm members in the strategy implementation process helped members understand super-ordinate goals, style and cultural norms and thus become essential for the continued success of a firm' strategy implementation. It also prevents them from being taken by surprise, puts all members at the same platform, and helps the employees to own the process thus ensuring better results. According to some interviewees, early involvement of firm members in the strategic plans and decisions taken by the company are essential to their progress and development within their organisational environments. Involving staff in such processes increase their confidence and sense of ownership of new policies and changes which in turn contribute to their personal and professional motivation towards successful strategy implementation.

The interviewees indicated that the company applies strategy implementation frameworks which have specific components of each of the six strategy-implementation tasks including building an organization capable of executing the strategy, establishing a strategy-supportive budget, installing internal administrative support systems, devising rewards and incentives that are tightly linked to objectives and strategy, shaping the corporate culture to fit the strategy and exercising strategic leadership.

They further said that the strategy implementation practices employed by the company include allocation and management of sufficient resources (financial, personnel, operational support, time, technology support); establishing a chain of command or some alternative structure; assigning responsibility of specific tasks or processes to specific individuals or groups; monitoring results (comparing to benchmarks and best practices, evaluating the efficacy and efficiency of the process, controlling for variances, and making adjustments to the process as necessary); taking advantage of supportive implementation instruments like the balanced

scorecard and assessing the obstacles to strategy implementation (both those internal and external to the organization).

To the question on other factors leading to strategy implementation success at the company, the interviewees said that factors leading to strategy implementation success include clear aims and planning, and a conducive climate, giving implementation priority, having abundant resources, an appropriate structure and implementing flexibly, organisational structure, control mechanisms strategic consensus, leadership and positive attitude towards strategy implementation success

4.3 Challenges and Responses to Strategy Implementation

To the question on some of the challenges that surface during strategy implementation that had not been anticipated, the interviewees said that political turbulence was the most important issue facing any implementation process. Other challenges include supporters of the strategic decision leaving the organization during implementation, change of guiding policies by umbrella bodies, system breakdown, low or underestimated budget allocation and underestimation of the commitment, time, emotion, and energy needed to overcome inertia in their organization and translate plans into action.

Other factors in the external environment that had an adverse impact in strategy implementation at the company were indicated by the interviewees as increasingly sophisticated customers and management practices, escalating globalization, more prevalent and subtle product differentiation, credit crunch, political environment, breakneck competition from other players.

The interviewees indicated that some of competing activities that cause distractions inhibiting strategy implementation include too many conflicting priorities, advertisement/promotion, well versed customers, door to door sale and the company trying to cope with competition in the industry hence losing perspective of its strategy. The interviewees further indicated the challenges posed by the inadequacy of information systems used to monitor strategy implementation include the implementers not knowing how effective the strategy implementation has been, may lead to loss of opportunities, lack of timely feedback and false report on progress and consequently ultimate failure.

To the question on the challenges posed by customers and staff not fully appreciating the strategy on strategy implementation, the interviewees indicated that they faced challenges of criticism, lack of cooperation, strategy failure and implementation delays. The interviewees, on the impact of poor communication and diminished feelings of ownership and commitment by employees to strategy implementation, said that it resulted to delayed results, wastage of resources, loss of business, and rejection of the strategy, demotivation and lack of commitment to new ideas.

The interviewees indicated that the main areas of focus for long term strategy implementations in the company are such as structure, control and the corporate culture. The interviewees also indicated that strategy monitoring and accountability are effective in addressing the challenge of strategy implementations as they ensure that the implementation process is followed to the letter. The interviewees further indicated that strategic planning assists in responding to the challenges of strategy implementation in that the planning process if properly done ensures that all the activities to be undertaken are put in place thus minimizing the number of emerging activities during the implementation process and also if all the staff members are involved in the planning, this guarantees cooperation in the implementation.

In strategic planning the interviewees indicated that the formalities employed to ensure successful strategy implementation were such as strategic analysis which include conducting some sort of scan, or review, of the organization's environment and also looking at the various strengths, weaknesses, opportunities and threats (SWOT) regarding the organization; setting strategic direction where planners carefully come to conclusions about what the organization must do as a result of the major issues and opportunities facing the organization and action planning which is carefully laying out how the strategic goals will be accomplished.

On whether there is planning cycles used in the company to ensure successful strategy implementations, the study established that there was a planning cycle that brought together all

aspects of planning into a coherent, unified process and assisted the management to plan and manage ongoing projects up to a certain level of complexity.

The interviewees indicated that the strategies adopted by Nokia Company to ensure successful strategy implementation include participatory planning, staff motivation, strategic measurement continuous evaluation, staff training and development, creation of a strategic map (or causal business model). On the effectiveness of the responses in addressing the challenges of strategy implementation in Nokia Ltd, the interviewees indicated that the responses were very effective as most of the challenges experienced in the previous years were eradicated.

The interviewees indicated that the challenges of strategy implementation that are still not addressed by Nokia Ltd were such as lack of support, non involvement of all players, inadequate know-how on the key stages, poor coordination, poor communication, unclear strategic intentions, conflicting priorities, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, competing activities and uncontrollable environmental factors.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn are in quest of addressing the research question or achieving the research objective which is Nokia's responses to challenges in strategy implementation in Africa.

5.2 Conclusions

From the study findings and discussion, the study concludes that the role that strategy implementation plays in the organization is that of ensuring that the activities stipulated in the strategic plan are executed to completion. Early involvement of firm members in the strategy implementation process helped members understand super-ordinate goals, style and cultural norms and thus become essential for the continued success of a firm strategy implementation. The company applies strategy implementation frameworks which have specific components of each of the six strategy-implementation tasks.

The study further concludes that the strategy implementation practices employed by the company include allocation and management of sufficient resources, establishing a chain of command or some alternative structure; assigning responsibility of specific tasks or processes to specific individuals or groups; monitoring results. Among the challenges that surface during strategy implementation that had not been anticipated, political turbulence was the most important issue facing any implementation process. Some of the competing activities that cause distractions inhibiting strategy implementation include too many conflicting priorities, advertisement/promotion and well versed customers.

The study further concludes that the challenges posed by the inadequacy of information systems used to monitor strategy implementation include the implementers not knowing how effective the strategy implementation has been; the challenges posed by customers and staff not fully

appreciating the strategy on strategy implementation, the interviewees indicated that they faced challenges of criticism, lack of cooperation, strategy failure and implementation delays. Poor communication and diminished feelings of ownership and commitment by employees to strategy implementation resulted to delayed results and wastage of resources.

The study also concludes that strategic planning assists in responding to the challenges of strategy implementation. The formalities employed to ensure successful strategy implementation were such as strategic analysis, setting strategic direction and action planning. There was a planning cycle that brought together all aspects of planning into a coherent, unified process and helped the management to plan and manage ongoing projects up to a certain level of complexity.

The study finally concludes that the strategies adopted by Nokia Company to ensure successful strategy implementation include participatory planning, staff motivation, strategic measurement continuous evaluation, staff training and development, creation of a strategic map (or causal business model). That the responses were very effective as most of the challenges experienced in the previous years were eradicated.

5.3 Limitations of the study

A limitation for the purpose of this research was regarded as a factor that was present and contributed to the researcher getting either inadequate information or responses or if otherwise the response given would have been totally different from what the researcher expected.

The main limitations of this study were:

The small size of the sample could have limited confidence in the results and this might limit generalizations to other situations.

Most of the respondents were busy throughout and had to continuously be reminded and even persuaded to provide the required information.

5.4 Recommendations

From the discussions and conclusions in this chapter, the study recommends that although Nokia has been successful in responding to the challenges of strategy implementation, in order to remain profitable and competitive in the market, the company should continuously train its employees on how the strategy should be implemented, involve staff in decision making and employ an efficient communication system that avails information on strategy to all stakeholders. The study further recommends that the company should involve all members in the strategy implementation.

5.5 Area for Further Research

The researcher recommends that a replicate study be done on other companies so as to find out how other companies respond to the challenges in the implementation of strategy since each company employs a different approach. The researcher further recommends that a similar study be done on other institutions for the purposes of benchmarking.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION TO THE RESPONDENTS



University of Nairobi

School of Business

P.O BOX 30197-00100

Nairobi.

March 2010

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

I am a masters' program student at the University of Nairobi, School of Business.

In order to fulfill the master's program requirements, I am undertaking a research project on **NOKIA'S RESPONSES TO CHALLENGES IN STRATEGY IMPLEMENTATION.**

Nokia International OY Kenya has been selected to form part of this study. Therefore, I kindly request you to assist me to collect data by filling out the accompanying questionnaire

The information provided will be used exclusively for academic purposes and will be held in strict confidence. Thank you.

Yours faithfully,

Roger Kinyanjui _____ Student

Dr J K Yabs.....Supervisor

APPENDIX II: INTERVIEW GUIDE

Kindly answer the following questions by ticking in the appropriate box or filling the spaces provided.

SECTION A: GENERAL INFORMATION

1. Years of service/working period (Tick as applicable)

- | | | | |
|------------------|--------------------------|---------------|--------------------------|
| Less than 1 year | <input type="checkbox"/> | 6-10 years | <input type="checkbox"/> |
| 1-5 years | <input type="checkbox"/> | Over 10 years | <input type="checkbox"/> |

2. What is your highest education level? (Tick as applicable)

- | | | | |
|--------------------------|--------------------------|-------------------|--------------------------|
| i. Primary | <input type="checkbox"/> | Secondary | <input type="checkbox"/> |
| ii. College | <input type="checkbox"/> | Bachelors' degree | <input type="checkbox"/> |
| iii. Others-specify..... | | | |

3. Please indicate your job category

- | | | | |
|----------------------|--------------------------|--------------------|--------------------------|
| Administration | <input type="checkbox"/> | Finance / Accounts | <input type="checkbox"/> |
| Human Resource | <input type="checkbox"/> | IT | <input type="checkbox"/> |
| Operations | <input type="checkbox"/> | Marketing | <input type="checkbox"/> |
| Other (specify)..... | | | |

SECTION B: STRATEGY IMPLEMENTATION

1. Who are involved in strategy implementation process in your organization?

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2. What role does strategy implementation play in the organization?

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3. What is the effect of early involvement of firm members in process of strategy implementation?

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4. To what extent does this company apply strategy implementation frameworks in strategy implementation? (Briefly explain.)

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5. What are the strategy implementation practices employed by your company?

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6. What are the other factors leading to strategy implementation success at your organization?

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CHALLENGES AND RESPONSES TO STRATEGY IMPLEMENTATION

7. What are some of the challenges that surface during strategy implementation that had not been anticipated?

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8. What other factors in the external environment had an adverse impact in strategy implementation at the organization?

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9. What are some of competing activities that cause distractions inhibiting strategy implementation?

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10. What are the challenges posed by the inadequacy of information systems used to monitor strategy implementation?

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11. What challenges are posed by customers and staff not fully appreciating the strategy on strategy implementation?

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12. What is the impact of poor communication and diminished feelings of ownership and commitment by employees to strategy implementation?

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13. Which are the main areas of focus for long term strategy implementations in the company?

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14. How effective is strategy monitoring and accountability in addressing the challenges of strategy implementations?

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15. To what extent does strategic planning assist in responding to the challenges of strategy implementations? Briefly explain.

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16. In strategic planning what formalities are employed to ensure successful strategy implementation?

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17. Are there planning cycles used in the company to ensure successful strategy implementations? Explain.

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18. Which competitive strategies are adopted by Nokia Company to ensure successful strategy implementation?

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19. How effective are the responses in addressing the challenges of strategy implementation in Nokia Ltd? Explain.

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20. Which challenges of strategy implementation are still not addressed by Nokia ltd?

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THANK YOU FOR PARTICIPATION!!