

**FACTORS INFLUENCING STRATEGY IMPLEMENTATION BY  
INTERNATIONAL NGOS OPERATING IN KENYA //**

**UNIVERSITY OF NAIROBI  
DOWEN KABETE LIBRARY**

**MICHAEL, JACINTA MUMBUA**  
**D/61/7126/2002**

**UNIVERSITY OF NAIROBI**

**THIS DISSERTATION IS SUBMITTED IN PARTIAL FULFILMENT FOR THE AWARD OF  
MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE OF THE UNIVERSITY OF  
NAIROBI NOVEMBER 2004**

## DECLARATION

This Dissertation is my original work and has not been submitted for a degree in any other University.

Signed..........

Date...17<sup>th</sup>...of...DECEMBER...2004

Michael, Jacinta Mumbua

This Dissertation has been submitted for examination with my approval as the University supervisor

Signed..........

Date...18<sup>th</sup>...of...December...2004

Dr Martin Ogutu

## **DEDICATION**

This research work is dedicated:

To my sisters Joan, Alexah, and Goldah

To my brother, Joel

To my friend James

## TABLE OF CONTENTS

DECLARATION.....	i	
DEDICATION.....	ii	
LIST OF TABLES.....	iv	
ACKNOWLEDGEMENT.....	v	
ABSTRACT.....	vi	
CHAPTER 1:		
INTRODUCTION.....	1	
1.1 Background.....	1	
1.1.1 Strategic Management.....	2	
1.2 Statement of the Problem.....	7	
1.3 Objective of the Study .....	9	
1.4 Importance of the Study.....	9	
CHAPTER 2: LITERATURE REVIEW.....		10
2.1 Introduction.....	10	
2.2 The Strategy Implementation Phase.....	10	
2.4 Processes.....	13	
2.5 Principal Tasks in Strategy Implementation.....	17	
2.6 Essential ingredients for effective operationalisation.....	18	
2.7 Factors influencing strategy implementation .....	22	
CHAPTER 3: RESEARCH METHODOLOGY .....		38
3.1 Research Design.....	38	
3.2 Population of the Study.....	38	
3.3 Sample frame .....	38	
3.4 Sample and sampling design.....	38	
3.5 Data Collection.....	38	
3.6 Data Analysis .....	39	

CHAPTER 4: RESEARCH FINDINGS .....	40
4.1 Introduction.....	40
4.2 Profile of NGOs studied.....	40
4.3 Practice of Strategic Management.....	41
4.4 Strategy Implementation Processes.....	47
4.5 Factors Influencing Strategy Implementation .....	48
CHAPTER 5: SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS.....	58
5.1 Introduction.....	58
5.1.1 Practice of Strategic Management.....	58
5.1.2 Strategy Implementation Processes.....	60
5.1.3 Factors Influencing Strategy Implementation.....	61
5.2 Limitations of the study.....	64
5.3 Recommendations for further research .....	65
5.4 Recommendations for policy and practice.....	66
REFERENCES .....	67
APPENDIX: Questionnaire	

## LIST OF TABLES

TABLE 1: Period of strategic plans.....	42
TABLE 2: Frequency of review of strategic plans.....	43
TABLE 3: Strategy formulators .....	43
TABLE 4: Annual objective setting .....	44
TABLE 5: Origin of functional strategies.....	45
TABLE 6: Last review of functional strategies.....	46
Table 7: Use of strategic plans in activity execution.....	47
TABLE 8: Strategy Implementation Processes.....	48
TABLE 9: Organizational Factor contribution to Strategy Implementation.....	49
TABLE 10: Organization structure supplements.....	50
TABLE 11: Culture influence on strategy execution.....	51
TABLE 12: Building high performance spirit into culture.....	52
TABLE 13: Environmental factor Impact on strategy implementation...	54
TABLE 14: Problems in Strategy execution.....	56
TABLE 15: Organization determination in strategy implementation.....	57

## **ACKNOWLEDGEMENT**

I would like to express my sincere appreciation to the University of Nairobi especially the Board of Post Graduate Studies for the award of a full MBA scholarship. Without this facility, it would have been impossible for me to pursue my MBA. For that I say THANK YOU.

My appreciation goes to my family for the continued support and patience during the entire MBA course. I particularly thank my sisters for their financial and emotional support for the two years I was pursuing my MBA. May the Lord bless you.

I wish to thank my friend James for his support, patience, care and understanding shown during the two years of the MBA program. No words can best express my gratitude. Thank you.

Above all, I would like to appreciate the effort, patience and hard work of my supervisor – Dr. Martin Ogutu. The constructive criticism and countless hours spent on this research project are highly appreciated. I also appreciate Mr. Jackson Maalu for his contribution and ideas that enabled me come up with a better piece of work.

I would like to appreciate my colleagues in the MBA 2002 Regular class for the spirit of high performance and hard work that we all helped develop. I thank you all for your generous support and cooperation that helped make every mountain a flat ground to walk over. My sincere gratitude goes to Eve, Hilda, Rebecca, Julie, Stella, and to the rest of the class.

## **ABSTRACT**

Strategy implementation is the process of transforming strategic intentions into actions. It is the most vital phases in the decision making process; embracing all the actions necessary to put the strategy into practice. Successful implementation is as critical and difficult as the strategic choice; it requires consideration of the resources to be used, human resource requirements, structure, systems, and other changes.

Strategic Management and hence strategy implementation are context sensitive; thus, the manner in which these are practiced in one sector may not fully help in understanding their practice within other sectors. This study therefore focused on the implementation of strategy within the Non Governmental Organization (NGO) sector, with an emphasis on the International NGOs. For purposes of this study, an NGO is any organization that receives funds from development partners to implement interventions such as health, education, micro-financing, appropriate technology, and other social activities.

Previous scholars studying the area of strategic management tended to focus more on aspects other than strategy implementation. Studies on implementation have focused more on sectors other than the NGO sector. This study was designed to fill this gap by emphasizing on strategy implementation in the NGO sector context. The study sought to answer the following research question: What are the factors influencing strategy implementation within the international NGOs operating in Kenya? The objective of this study was to determine the factors influencing strategy implementation by international NGOs operating in Kenya.



# CHAPTER 1

## INTRODUCTION

*“By understanding what factors have greatest impact on your strategy’s success, you can respond more quickly if they change.”*

*- John sterling*

### **1.1 Background**

#### **1.1.1 Strategic Management**

Pearce and Robinson (2003) define strategic management as the set of decisions and actions resulting in the formulation and implementation of strategies designed to achieve the objectives of an organization. It is the process of formulating, implementing and evaluating business strategies to achieve future objectives. Johnson and Scholes (2002) state that strategic management includes understanding the strategic position of an organization, strategic choices for the future and turning strategy into action. Gunnigle and Moore (1994) declare that Strategic management is concerned with policy decisions affecting the entire organization, with the overall objective being to position the organization to deal effectively with its environment, and is seen as a vital ingredient in achieving and maintaining effective performance in a changing environment.

According to Koske (2003), the process of strategic management does not end when the organization makes a decision as to what strategy(s) to pursue. It calls for the consideration of several steps, from formulating vision and objectives to their implementation (Pechlaner and Sauerwein, 2002). It has the following components as explained by Pearce and Robinson (2003): company mission, Company profile, External environment, Strategic analysis and choice, Long term objectives, Grand

strategy, Operationalisation, institutionalization, and Control and evaluation.

Pechlaner and Sauerwein (2002) argue that the strategy implementation phase is a significant aspect of the strategic management process. Strategic management remains ineffective if strategies cannot be implemented efficiently. In the world of management, increasing numbers of senior people are recognising that one of the key routes to improved business performance is better implementation (Meldrum and Atkinson, 1998).

### **1.1.2 Strategy Implementation**

According to Wu and colleagues (2004), strategy implementation is the process of transforming strategic intentions into actions. Implementation of the chosen strategy is by any measure one of the most vital phases in the decision making process; it embraces all those actions that are necessary to put the strategy into practice (Kiruthi, 2001). By themselves, strategies will not lead to action since they are merely statements of intent. The intent is realized by the tasks of implementation. Such tasks can be identified as resource allocation, design of structures and systems, functional policy formulation, among other tasks.

Koske (2003) argues that effective implementation results when the organization, resources and actions are tied to strategic priorities, and when key success factors are identified in addition to alignment of performance measures and reporting. It is important to note that unlike strategy formulation, strategy implementation varies substantially among different types and sizes of organizations.

Strategies are not necessarily the result of the strategic management process. It is at the implementation stage that management translates strategies and policies into action through the development of programs, budgets and procedures (Kiruthi, 2001). Successful implementation is as critical and difficult as the strategic choice. It requires consideration of the resources to be used, human resource requirements, the structure, systems, and other changes. Competency in implementation and the ability to put ideas to action can be an organisation's source of competitive advantage.

Alteration of the existing procedures and policies is usually unavoidable during strategy implementation. It also requires a shift in responsibility from strategists to divisional and functional managers to ensure effective implementation. Those who will participate in the implementation phase should also be actively involved in the strategy formulation to ensure ownership of the process.

### **1.1.3 Nature of Non Governmental Organizations**

A Non Governmental Organisation (NGO) is any organisation that receives funds from development partners to implement interventions such as health, education, micro financing, appropriate technology, and other social activities (Dees, 1998). The definition excludes non profit organisations like universities, churches, hospitals and local authorities not registered by the NGO council or NGO coordinating board. He further notes that NGOs pay no taxes or dividends, and make no profits; while providing important services that are rarely availed by the private and public sectors. They therefore complement efforts of government in the provision of primary essential services, hence, NGOs are found in all sectors of the economy or development, with some NGOs operating in more than one sector (Mabururu, 2003). According to Fowler (2000),

Non-governmental organisations refer to registered, private, independent not-for-profit organisations. The definition excludes unregistered or informal associations and groups which are referred to as grassroots organisations.

NGOs are environment serving organisations just like the profit oriented firms; this makes them open systems. Mabururu (2003) argues that the NGOs' success depends on their ability to secure resources from the environment and the maintenance of their social legitimacy. Bukusi (2003) notes that in the recent past the environment in the NGO sector has become increasingly uncertain and more tightly interconnected. The resultant scenario is that any change reverberates unpredictably throughout the society; an example is the post September 11<sup>th</sup> 2001, when America was attacked by terrorists, which led to a shift in development partners' funding patterns, where many funding agencies shifted their funding focus in light of new realities. Warsame (2002) suggests that NGOs need to think strategically, translate insights into effective strategies, and lay the ground work for adopting and implementing their strategies so as to respond to such issues.

The mushrooming in the number and scale of activity by the indigenous and externally funded NGOs operating in Kenya has resulted into increased turbulence in the NGO environment (Warsame, 2002). Thus there is pressure for these organisations to find effective management methods due to the reduced financial resources and the high competition for diminishing resources. The sector cannot afford to relax and boast of historic success as though nothing has changed. With the increased competition for funds and other changes around the NGO world, leaders of most of these organisations have resulted into strategic management in order to survive and succeed in the rapidly changing environment.

Strategic management as an approach holds definite possibilities for beneficial application in the context of the NGO sector.

Due to the rapidity and discontinuity of change, the organisations' traditions and experiences can no longer suffice to cope with the new opportunities and threats. Strategic management will assist organisations to appropriately recognise and respond to new environmental changes. This sector has increasingly become important, attracting a lot of public scrutiny due to its focus of activities. Government organisations have proved inadequate and inefficient in the implementation of development programs as per bi and multi lateral development partners' expected performance standards. In effect, a lot of development partners' funding is now being channelled through the NGO sector. Hence, for government to maintain a continuous and fruitful interaction with the international community, it has to develop good working relationships with the NGO sector.

Unlike in the corporate world, the whole issue of values is central to management in the NGO sector (Kilikc, 2000). The key driver is its mission, and the resource providers who also play an important role in strategy development. Their planning begins with the mission while profit driven firms start by looking at the financial returns. Thus, consistency with the mission is a partial substitute for profitability. As a result, the entire management style is influenced by such factors. It therefore appears that the ability and manner in which the organisation carries its mission and achieves its objectives within the financial provisions of the development partners is the best way these organisations use to measure efficiency. According to Bwibo (2000), NGOs need leaders and managers who are effective in guiding the organisation into practising strategic management, starting from crafting appropriate strategies, all the way to

effective implementation and control. This will help to fulfil their missions, meet their mandates and satisfy their constituents.

NGOs have no bottom line and often consider their services as moral, righteous, and serving a good cause. This leads to reluctance to redirect their resources to other projects when the current ones do not produce results, yet they need a lot of discipline to abandon non working strategies perhaps even more than the profit oriented firms (Warsame 2002). Thus if they end up implementing irrelevant and inappropriate strategies, this may result into serious consequences.

#### **1.1.4 Types of NGOs**

NGOs operating in Kenya can be categorized into local and International NGOs. Local NGOs have their operations based only in Kenya. Some of them operate in only one district while others are spread out in the country operating in more than one district. They also tend to draw their workforce from within the country as opposed to going beyond the national boundaries.

International NGOs have their operations in more than one country, like is typical of other International organizations. A large number of them operate in more than one sector of the economy such as environment, health, relief, among other sectors (NGO Coordinating Bureau, 2004). Most of them are very well established with adequate provision of the required resources to carry out their operations compared to the local NGOs. Examples include Care International, Pathfinder International, World Vision, Action Aid, Plan International, among others. The workforce is drawn from various countries, and the organizations put no limits to nationality for as long as the individuals meet the desired qualifications. Financial support is extended by development partners

from various parts of the world, and not necessarily from one source. Such factors are typical of most international NGOs. They are also characterized by numerous environmental challenges due to their nature of spreading out beyond one country. They are affected by whatever changes being experienced by the nations in which they operate, thus making their environment complex just like that of other international organizations.

## **1.2 Statement of the Problem**

Strategic management is context sensitive, hence the manner in which it is practiced in the government agencies and many corporate entities may not fully help in understanding its practice within the NGO sector. Besides, NGOs have certain unique characteristics, which influence their behaviour and how strategic management is practiced. Hunger & Wheelen (1995) identified these characteristics as: intangible services that are difficult to measure resulting into multiple objectives to satisfy multiple development partners, weak, non profit distributing, voluntary, of public benefit, reliance on donations as a source of revenue, among others.

Recognition has grown in the recent years of the importance of the NGO sector to the world's economy, and to the implementation of public policies. The non-government sector of an economy is important because society desires certain services that the government institutions cannot or will not provide due to numerous reasons ranging from financial constraints to project priorities. It is therefore important to understand their reasons of existence and their differences from government and private institutions.

Development partners have immense influence on terms and conditions of strategy formulation, and hence strategy implementation within the NGOs. Their strategy therefore is a derived strategy, thus, the management and staff lack complete ownership because they do not fully participate in the formulation process. This has an impact on the implementation because for success, ownership of strategy is critical.

International NGOs have well skilled human resources. They have the financial capability to employ high calibre staff who then help in the effective implementation of strategy. Both international and local staff form the teams that participate in strategy implementation within the international NGOs. They play different roles in the strategy execution process. These NGOs also have access to international best practices like in Information Technology, communication systems, among other areas. They are well informed of the world trends and have the necessary resources to embrace best practices.

The NGO sector has been studied extensively, but studies have tended to focus on issues other than strategy implementation. These include a study by Bwibo (2000) on strategic change management practices within NGOs in Kenya, Kiliko (2000) carried out a study on strategic planning with NGOs in Kenya, among others. The studies on implementation have been done in sectors other than the NGO. Awino (2000) studied effectiveness and problems of strategy implementation of financing higher education in Kenya by the Higher Education Loans Board; while Koske (2003) studied strategy implementation and its challenges in public corporations – the case of Telkom Kenya Ltd.

According to Okumus (2003), research in this area is still limited, and offers few practical propositions. Okumus (2001) observes that recent



studies into future research areas in the strategic management field indicate a lack of knowledge on strategy implementation and therefore, more research is essential into this important area of strategic management.

The study was designed to fill this gap, by emphasising on the implementation of strategy within the NGO sector context. It was a study aimed at identifying the factors that contribute to effective strategy implementation within NGOs in Kenya given their unique characteristics. The study sought to answer the following research question: What are the factors influencing strategy implementation within the international NGOs operating in Kenya?

### **1.3 Objective of the Study**

The following objective was addressed in this study:

1. To establish factors which influence strategy implementation by the international NGOs operating in Kenya.

### **1.4 Importance of the Study**

The results of this study are of use to:

1. Management of the International NGOs, who will learn the factors influencing strategy implementation and what can be done to achieve success.
2. Future scholars may also use the results as a source of reference. The findings of this study can be compared with strategy execution in other sectors to draw conclusions on how various factors influence strategy implementation within different contexts.

## CHAPTER 2

### LITERATURE REVIEW

#### **2.1 Introduction**

The study examined various issues on strategy implementation. To begin with, the strategic management process was discussed in which the various components of strategic management were mentioned, stressing the place of strategy implementation in the process. The strategy execution phase was discussed in detail, highlighting the principal tasks in execution of any strategy. The essential ingredients in operationalisation of strategy were also discussed. Processes used in strategy implementation as well as the factors influencing implementation of strategy were identified.

#### **2.2 The Strategy Implementation Phase**

Strategy implementation has to do with putting the chosen strategy into action. To make the strategy operational, the organization needs annual objectives, functional strategies, and policies. Institutionalizing the strategy requires the organization to ensure a fit between the chosen strategy and its structure, leadership, culture, among other factors. Okumus (2003) notes that success in business will be affected by how well a good strategy is implemented regardless of the sector in which an organisation is operating. Poor implementation of an appropriate strategy may cause that strategy to fail, whether the organisation is government, private or non government. All institutions require strategy, and appropriate action. Given the significance of this area, the focus in the field of strategic management has now shifted from the formulation of strategy to its implementation.

Thompson and Strickland (1996) note that putting a strategy into place and getting the organization to execute it well call for a different set of managerial tasks and skills. Whereas crafting strategy is largely a market-driven entrepreneurial activity, implementing strategy is a primary and operation-driven activity revolving around the management of people and business processes. Whereas successful strategy-making depends on business vision, shrewd industry and competitive analysis, and entrepreneurial creativity, successful strategy implementation depends on leading, motivating, and working with and through others to create strong fits between how the organization performs its core business activities and the requirements for good strategy execution.

Strategy implementation entails converting the organization's strategic plan into action and then into results. Like crafting strategy, Thompson and Strickland (1996) argue that it's a job for the whole management team, and not a few senior managers. Even though the Chief Executive Officer and heads of major organizational units are ultimately responsible for seeing that strategy is implemented successfully, the whole process of implementation typically impacts every part of the organizational structure, starting from the largest operating unit to the smallest.

Feurer and Chaharbaghi (1995) note that research into dynamic strategy formulation and implementation has become one of the main focuses of academia and industry. This is because, with the accelerating dynamics of competition, the key to competitiveness lies no longer in employing strategies that have been successful in the past or emulating the strategies of successful competitors: real competitive advantage results from a constant process of developing and implementing new strategies that will differentiate the organization from the rest of the industry in which it operates. However, at the same time, it is also understood that

implementation is one of the most difficult business challenges facing today's managers.

Sterling (2003) argues that effective implementation of an average strategy beats mediocre implementation of a great strategy every time. Yet companies nonetheless often fail to operationalise their strategies in ways that improve the likelihood that they will be implemented effectively. He further argues that 70% of strategic plans and strategies are never successfully implemented. Woolridge and Floyd (as in Al-Ghamdi, 1998) note: "It can be much easier to think of a good strategy than it is to implement it". They also note that much of the shortcomings in the strategy area are attributable to failures in the implementation process rather than in the formulation of strategy itself.

According to Thompson and Strickland (1996), there are no 10-step checklists, no proven paths, and few concrete guidelines for tackling the job. Strategy implementation is the least charted, most open-ended part of the strategic management. The best evidence of what to do or not to do come from personal experiences or even case studies, and the wisdom they yield, is inconsistent. What some managers have tried successfully may be found lacking by others. This is because some managers are more effective than others in employing various recommended approaches to organizational change. In addition, each instance of strategy implementation takes place in a different organizational context. Different business practices and competitive circumstances, work environments and cultures, policies, compensation incentives, mixes of personalities and organizational histories require a customized approach to strategy implementation – one based on individual situations and circumstances, the implementer's best judgement, and his ability to use particular change techniques proficiently.

## 2.4 Processes

In organizing for success, structure is one of the key ingredients. Johnson and Scholes (2002) argue that within any structure without the formal and informal organizational processes organizations cannot work effectively. The processes can be said to be the controls on the firm's operations thus they may either hinder or help in translation of strategy into action. In reality a blend of these processes operate but some may dominate others.

*Direct Supervision:* It is the direct control of strategic decisions by one or a few individuals. This is a process commonly found in small organizations though can also exist in larger organizations experiencing little change, and where the business complexity is not too great for a small number of managers to control from the centre (Feurer and Chaharbaghi, 1995). It is usually found in family businesses and parts of public sector known to have hands-on political involvement. This process may also be appropriate when there is a major change like a major transformation taking place in the business environment. This threatens the organization's survival thus calling for autocratic control through direct supervision.

*Planning and control systems:* It is where the successful implementation of strategies is achieved through systems that plan and control the allocation of resources and monitor their utilization (Freedman, 2003). A plan covers all parts of an organisation showing clearly in financial terms the level of resources allocated to each unit as well as the detailed ways in which the resource was to be used. Revenue generation forms part of the plan and actual sales are monitored against it. Flexibility in the plans and budgets is needed so as to adapt to what is being achieved. The dominance of detailed planning and coordination is very useful where the

degree of change is slow. Various ways in which planning supports strategy include: Top down planning accompanied by standardisation of work processes or outputs; Use of IT systems through the introduction of Enterprise Resource Planning Systems (ERP's) which aim to integrate the entire business systems; Use of a formula for controlling resource allocation within an organisation where some room for bargaining and fine tuning around the formula may be used as need arises.

*Performance targets:* These relate to the outputs of an organisation or part of it such as product quality, prices or its outcomes such as profit (Johnson and Scholes, 2002). Unlike the planning process where targets tend to be about resource inputs performance targets relate to outputs. An organisations performance is judged either internally or externally based on its ability to meet the targets, though within specified boundaries it remains free on how targets should be achieved. This approach may be appropriate in situations where the corporate centre controls the strategies and performance of business units to ensure that corporate objectives are achieved.

Performance targets are usually measured using performance indicators. However such indicators give partial view of the overall picture of the organisation's performance (Pechlaner and Sauerwein, 2002). Some are qualitative in nature while the quantitative performance is dominated by financial analysis. In trying to deal with this weakness, balanced scorecards are now used to identify a varied set of key measures. Balanced score cards combine both qualitative and quantitative measures while acknowledging the different stakeholder expectations and relate an assessment of performance to choice of strategy. It helps to link performance to both short term outputs and to the way processes are managed

*Market Mechanisms:* These involve some formalised system of contracting for resources or inputs from other parts of an organisation and for supplying outputs to other parts of an organisation. It has been a dominant process through which organisations relate to their external suppliers, distributors and competitors in most sectors of free market economies (Freedman, 2003). This may begin in a small way in competitive bidding such as the creation of an investment bank or top sliced resources held at the corporate centre and the business units can bid for additional resources for their projects. It is a successful process for supporting innovative ventures especially during the early stages.

Some organisations may have a formal internal market which then becomes an important management task to regulate and manage it. The internal customer has a right to specify the requirements of the internal market which may be done in the form of a formal service level agreement with the internal supplier the agreement has to reflect the best performance that would be achieved by third party suppliers from outside the organisation.

*Social/Cultural Processes:* These are concerned with organisational culture and standardization of norms. The historical formal processes of coordination might have been successful in the slower moving, less complex environment (Sterling, 2003). However these may be inadequate to meet the challenges of the 21<sup>st</sup> century. The social processes and self controls within organisations are of major importance and they help in delivering successful strategies. They are particularly important in organisations facing complex and dynamic environments because the fostering of innovation is crucial to survive and succeed in these circumstances. It should be allowed to flourish through the social processes which exist within and between the informal processes whereby individuals and groups interact to share and integrate their

knowledge. Social processes can also be important between organisations in their approach to competition (Pechlaner and Sauerwein, 2002). However they can create rigidities if the organisation needs to change strategy since resistance to change may be legitimised by the cultural norms. In addition globalisation and new technologies can undermine these processes. To maintain social processes, many organisations commit significant resources to maintaining professional networks both inside and between organisations as a method of keeping in touch with best practice, as well as investing in training and development.

*Self control and personal motivation:* These achieve the integration of knowledge and coordination of activities by the direct interaction of individuals without supervision (Johnson and Scholes, 2002). Motivation of individuals and their self control has become increasingly important to performance due to the rapidity of change, increasing complexity and the need to exploit knowledge. Managers need to ensure that individuals have the channels to interact, such as IT and communication infrastructure, and that the social processes created by this interaction are properly regulated to avoid rigidities.

For individuals to have a greater say in their work performance and achieve the organisation's goals, there is need to properly support them by availing the necessary resources such as information (Freedman, 2003). In addition, motivation of individuals is strongly influenced by the type of leaders and leadership style used. Credibility of leaders is important and may be built from being a member of the peer group as a professional role model, by demonstrably shaping a favourable context for individuals to act and interact, or from the way in which leaders interface with the business environment like in securing a budget or winning orders.

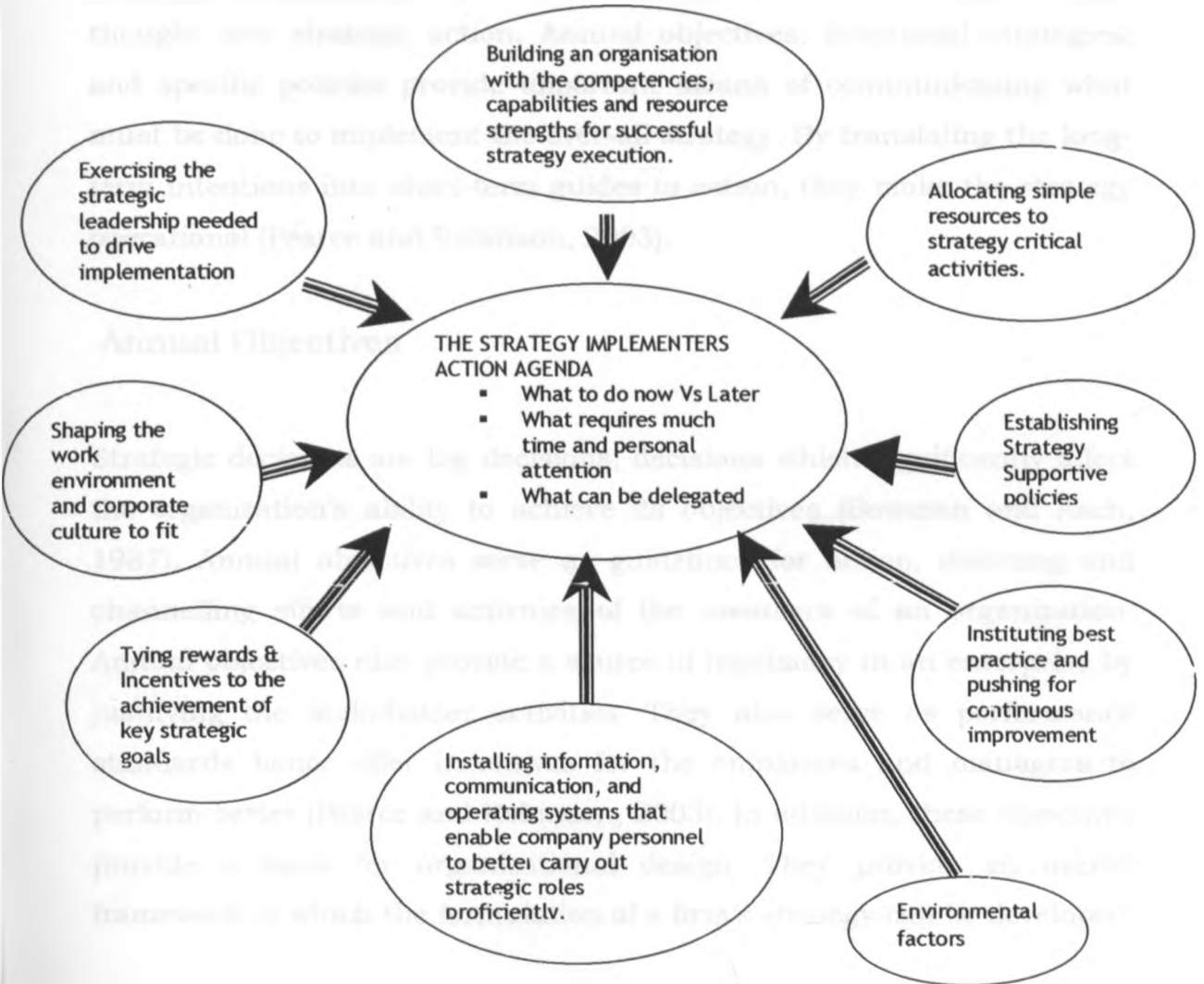


## **2.5 Principal Tasks in Strategy Implementation**

In as much as managers' approaches need to be tailor-made for the situation, Thompson and Strickland (1996) point out that there are certain bases that have to be covered no matter what the organization's circumstances: building an organization capable of carrying out the strategy successfully; developing budgets to steer ample resources into those value-chain activities critical to strategic success; establishing strategically appropriate policies and procedures; instituting best practices and mechanisms for continuous improvement; installing support systems that enable company personnel to carry out their strategic roles successfully throughout; tying rewards and incentives to the achievement of performance objectives and good strategy execution; creating a strategy-supportive work environment and corporate culture; and exerting the internal leadership needed to drive implementation forward and to keep improving on how the strategy is being executed.

One or two of these tasks usually end up being more crucial or time-consuming than others, depending on the organization's financial condition and competitive capabilities, the nature and extent of the strategic change involved, the requirements for creating sustainable competitive advantage, the strength of deep-rooted behaviour patterns that need to be changed, whether there are important weaknesses to correct or new competencies to develop, the configuration of personal and organizational relationships in the firm's history, any pressures for quick results and near-term financial improvements, and any other relevant factors.

## The Big Managerial Components of Implementing Strategy



*Adapted from: Thompson and Strickland (1996) Strategic Management: Concepts and Cases, Ninth Edition, Richard D. Irwin. p – 243*

### 2.6 Essential ingredients for effective operationalisation

The strategic management process is not complete even after the grand strategies are determined and long-term objectives set. When we have finalized the corporate strategy, we must make it work (Wu et al., 2004). The tasks of operationalizing, institutionalizing, and controlling the

strategy signal an important phase in the process – translating strategic thought into strategic action. Annual objectives, functional strategies, and specific policies provide important means of communicating what must be done to implement the over-all strategy. By translating the long-term intentions into short-term guides to action, they make the strategy operational (Pearce and Robinson, 2003).

## Annual Objectives

Strategic decisions are big decisions; decisions which significantly affect the organization's ability to achieve its objectives (Bowman and Asch, 1987). Annual objectives serve as guidelines for action, directing and channelling efforts and activities of the members of an organization. Annual objectives also provide a source of legitimacy in an enterprise by justifying the stakeholder activities. They also serve as performance standards hence offer incentives for the employees and managers to perform better (Pearce and Robinson, 2003). In addition, these objectives provide a basis for organizational design. They provide an overall framework in which the formulation of a firm's strategy can be developed.

Koske (2003) points out that annual objectives are essential for strategy implementation due to the following reasons: They represent the basis for resource allocation, they act as a mechanism for evaluation of managers, act as a major instrument for monitoring progress in achievement of the long-term objectives, and annual objectives establish organizational, divisional, and departmental priorities.

Translation of the long-range aspirations into the current year's targets is done through annual objectives (Pearce and Robinson, 2003). They add breadth and specificity in identifying what must be done to achieve long-

term objectives. Annual objectives should be well developed to provide clarity, motivation, and facilitate effective strategy implementation. In addition, they need to be SMART, communicated throughout the organization and accompanied by a commensurate reward system. To ensure success, there should be compatibility of the annual objectives with the values of the employees and managers. Annual objectives should also be supported by policies that are clearly stated.

## Functional Strategies

These are short-term activities that each functional area within a firm must undertake in order to implement the grand strategy (Koske, 2003). They translate grand strategy at the business level into action plans for the organization's sub-units. Pearce and Robinson (2003) point out that the operating managers should participate in the development of functional strategies since they help to clarify what the managers' units are expected to do in the implementation of the grand strategy. Functional strategies must be consistent with the long-term objectives and grand objectives.

These strategies must be developed in the key areas of marketing, finance, production/operation, R & D, and personnel. They help in the grand strategy implementation by organizing and activating specific subunits of the organization to pursue the business strategy in daily activities. They translate thought (grand strategy) into action designed to accomplish the specific annual objectives.

## Policies

Awino (2000) defined policies as specific guidelines, methods, procedures, rules, forms, and administrative practices established to support and encourage work towards stated goals. Policies are instruments for strategy implementation. They set boundaries and constraints while setting limits on the administrative actions that will be taken, and clarifying what is possible in pursuit of the set objectives. In addition, they create awareness to both employees and managers in terms of what is expected of them. Pearce and Robinson (2003) point out that policies clarify what work is to be done, and who will do it, hence high chances of successful strategy implementation.

For effective strategy implementation the organization is required to have well stated policies that will offer direction in the implementation process. In addition, procedures, rules, guidelines, and ideal framework need to be in place. Without all these, the implementation of that strategy may not be successful (Awino, 2000). In any organization, policies are necessary if a strategy has to work. They aid in solving day-to-day problems that are repetitive in nature in addition to offering guidance in strategy implementation. Policies provide the basis for management control, enabling coordination across the various organisation units while minimizing on the time spend on decision making by managers. Delegation of the decision-making authority is also possible where proper policies are put in place.

Thompson and Strickland (1996) note that creating strategy-supportive policies and procedures will aid the task of executing strategy. Generally, a change in strategy will call for some change in the work practices and

how the internal operations are carried out. Resistance is likely to be experienced since asking people to alter the long established procedures and behaviour always upsets the internal order of things.

## **2.7 Factors influencing strategy implementation**

Over 15 years ago, Alexander (as in Al-Ghamdi, 1998) claimed that the overwhelming majority of the literature has been on the formulation side of the strategy and only lip service has been given to the other side of the coin, namely strategy implementation. Unfortunately, the drama still continues and the balanced view toward the importance of both sides, formulation and implementation, has not yet been achieved. Consequently, companies are still facing major difficulties during the implementation process. Al-Ghamdi (1998) indicated that most companies attempting to develop new organization capacities stumble over these common organizational hurdles: Coordination of implementation activities is not effective enough; Capabilities of employees are insufficient; Training and instruction given to lower level employees are inadequate; and Leadership and direction provided by departmental managers are inadequate.

Often, necessary strategies for an effective organizational change fail at the management hierarchical level due to opposition on the part of the executives, a situation referred to as "implementation gap" (Pechlaner and Sauerwein, 2002). The implementation of strategic management principles into a system depends to a large extent, on how resistance to them can be diminished. Lack of a clear responsibility being fixed for implementation, even though explicit goals have been formulated in the master plan causes failure in implementation.

Al-Ghamdi (1998) identified barriers to strategy implementation which include: Competing activities that distract attention from implementing the decision; Changes in responsibilities of key employees not clearly defined; Key formulators of the strategic decision not playing an active role in implementation; Problems requiring top management involvement not communicated early enough; Key implementation tasks and activities not sufficiently defined; Information systems used to monitor implementation are inadequate; Overall goals not sufficiently well understood by employees; Uncontrollable factors in the external environment; Surfacing of major problems which had not been identified earlier; Advocates and supporters of the strategic decision leaving the organization during implementation; and Implementation taking more time than originally allocated.

Meldrum and Atkinson (1998) identified two problems of implementation: a flawed vision of what it means to be in a strategic position within an organisation; and a myopic view of what is needed for the successful management of operational tasks and projects within a strategic brief. Studies by Okumus (2003) found that the main barriers to the implementation of strategies include lack of coordination and support from other levels of management, and resistance from lower levels and lack of or poor planning activities. Freedman (2003) lists out a number of implementation pitfalls: strategic inertia; lack of stakeholder commitment; strategic drift; strategic dilution; strategic isolation; failure to understand progress; initiative fatigue; impatience; and not celebrating success.

Sterling (2003) identified reasons why strategies fail as: Unanticipated market changes; Lack of senior management support; Effective

competitor responses to strategy; Application of insufficient resources; Failure of buy-in, understanding, and/or communication; Timeliness and distinctiveness; Lack of focus; and Bad strategy-poorly conceived business models. Sometimes strategies fail because they are simply ill conceived. For example business models are flawed because of a misunderstanding of how demand would be met in the market.

Awino (2000) identified 4 problem areas affecting successful strategy implementation: Lack of fit between strategy and structure; inadequate information and communication systems; and Failure to impart new skills. Koske (2003) identified additional challenges to implementation as: Inappropriate resource allocation; Separation of strategy formulation from implementation; Lack of a link between reward systems and strategic performance; Lack of a fit between strategy and the organization culture; Failure to predict implementation time and problems likely to be encountered; Unexpected commitments and activities that may be distractive and result to diversion of resources which have already been planned for; and Possibility of change in the basis on which the strategy was formulated, poor forecasting, and insufficient flexibility.

Besides the negative factors that hinder strategy implementation, there are positive factors that contribute to successful execution of the chosen strategy. According to Pearce and Robinson (2003), three organizational elements provide the fundamental, long-term means for institutionalizing the firm's strategy: structure, leadership, and culture. Research by Pechlaner and Sauerwein (2002) shows that, apart from the success factors, such as structure, culture and personnel, management systems also play an important role in implementing strategies.

Other studies by Okumus (2003) also referred to similar implementation factors, including organizational structure, culture, planning, resource



allocation, communication and incentives to be considered or used at different stages of the implementation process. From an analysis of the frameworks discussed above, eleven key implementation factors can be identified. These are: strategy development; environmental uncertainty; organizational structure; organizational culture; leadership; operational planning; resource allocation; communication; people; control; and outcome.

The factors influencing strategy implementation can be classified into two: organizational factors and environmental factors.

### ***Organizational factors***

#### **Organizational structure**

This refers to the shape, division of labour, job duties and responsibilities, the distribution of power and decision-making procedures within the company (Okumus, 2003). Organizational structure is a major priority in implementing a carefully formulated strategy. According to Hax and Majluf (1996), strategy and structure interact. Pearce and Robinson (2003) argue that if activities, responsibilities, and interrelationships are not organized in a manner that is consistent with the strategy chosen, the structure is left to evolve on its own. Structure of an organization should be compatible with the chosen strategy. If there is incongruence, then adjustments should be done either for the structure or the strategy itself. It is on this note that Chandler made the conclusion: "structure follows strategy".

Matching organization structure to strategy requires that a customised structure be put in place. This is because each strategy is grounded in

its own set of key success factors and value chain activities and each firm's organization chart reflects past organizational patterns, executive judgements on reporting relationships, assigning responsibilities, and varying internal circumstances unique to that organization. Thompson and Strickland (1996) suggest that to fit structure to strategy, the organization should: First, identify the value-chain's key tasks and primary activities that are critical in executing the strategy. These should be made the main building blocks in the structure. Secondly, establish ways to bridge departmental lines and achieve the required coordination where all facets of a strategy-related activity cannot possibly be under one manager's authority. Thirdly, determine the degree of authority needed to manage each unit, and try to strike a balance between the use of centralization and decentralization. Fourthly, determine if the non-critical activities can be outsourced more efficient than they can be performed internally. Outsourcing non-crucial activities allows the firm to concentrate its own energies and resources on the value-chain activities where unique value can be created as well as where strategic control is needed to build core competencies and achieve competitive advantage.

Johnson and Scholes (2002) suggest that eight formal approaches to matching structure to strategy can be used: simple structure, functional specialization, multidivisional, the holding company structure, matrix structures, team-based structures, project-based, and intermediate structures. Thompson and Strickland (1996) argue that each of these needs to be supplemented with formal or informal organizational arrangements to fully coordinate the execution effort since any approach on its own may not be adequate.

In many firms, strategy-supportive organization requires supplementing the formal structure with special mechanisms and creative

disorganization. Thompson and Strickland (1996) have suggested six of the most frequently used devices: Special project teams, Cross-functional task forces, Venture teams, Self-contained work teams, Process teams, and Contact managers.

## Organizational culture

It is the shared understanding of employees about how they do things within an organization. It can be defined as the set of important assumptions (often un-stated) that members of an organization share in common (Pearce and Robinson, 2003). The content of an organization's culture derives from three sources: the influence of the business environment in general, and the industry in particular; founders, leaders, and organizational employees who bring a pattern of assumptions with them when they join the organization; and the actual experience people in the organization have had in working out solutions for coping with the basic problems the organization encounters. Culture affects the way managers behave within the organization, as well as the decisions they make regarding the organization's relationship with the environment, and hence its strategy. It is equally important for the organization leadership to create an appropriate strategy-culture fit (Kazmi: in Koske, 2003), without which there can be de-motivation and resistance to change, thus frustrating the strategy implementation effort.

There are a number of unhealthy cultures that result to low performance as suggested by Thompson and Strickland (2003). One is a politicized internal environment that allows influential managers to operate their units autonomously and resist required change. What is best for the company takes a second place to personal interests. The second is hostility to change and to people who champion new ways of doing

things. Failure to value employees with initiative kills experimentation and efforts to improve the status quo. A third is the promotion of managers who understand structures, systems, budgets, and controls better than how they understand vision, strategies, inspiration and culture building. With this the company can find itself short on the entrepreneurial skills and leadership needed to manage strategic change. This can erode long-term performance. The fourth is an aversion to looking outside the company for superior practices and approaches. When a firm enjoys a long standing market success and industry leadership, its management tends to become inbred and arrogant, such that it believes it has all the answers or can develop them on its own.

A strong corporate culture founded on ethical business principles and moral values is a vital driving force behind continued strategic success (Sterling, 2003). A company's performance and hence its reputation is put at risk if the company does not care how it does business. Morally upstanding values and high ethical standards nurture the corporate culture in a very positive way. They connote integrity and genuine concern for stakeholders. Once values and ethical standards have been formally set forth, they must be institutionalized and ingrained in the company's policies, practices, and actual conduct.

To achieve strategic success, the company should build a spirit of high performance into the culture (Johnson and Scholes 2002). This calls for the company to instil constructive pressure to perform and a results-oriented culture that inspires people to do their best. Such a company will be people oriented and treat its employees with dignity and respect,

train each employee thoroughly, encourage them to use own initiative and creativity in performing work, set reasonable performance targets, as well as grant employees enough autonomy to stand out, excel and contribute, among other considerations.

## Leadership

It is the actual support and involvement of the CEO in the strategic initiative (Okumus, 2003). Within the organizational structure, individuals, groups, and units are the mechanisms of organizational action. The effectiveness of their actions is a major determinant of successful implementation. Leadership is an essential element in effective strategy implementation. According to Pearce and Robinson (2003) two leadership issues are of fundamental importance: the role of the Chief Executive Officer (CEO), and the assignment of key managers. The CEO is the catalyst in strategic management; he is most closely identified with and ultimately accountable for a strategy's success. He represents an important source for clarification, guidance, and adjustment during implementation. Assignment of key managers in implementing strategy is usually a major concern. The right managers have to be in the right positions for the new strategy to be effectively implemented. To ensure successful implementation, this is one tool that CEOs are concerned with first.

Leadership is crucial in using process factors and also in manipulating the internal context to create a context receptive to change. It is also understood that implementation is one of the more difficult business challenges facing today's managers (Meldrum and Atkinson, 1998). Within this, management ability, or competence, is seen as an important contributor to achieving this aim. They came up with the idea of

developing meta-abilities, a term that refers to personal attributes which underpin, and determine how and when, knowledge and skills will be used. They are the abilities which enable managers to utilise the knowledge and skills accumulated over time or on training courses. They provide managers with the potential to be significantly more influential than might otherwise be the case. As such, they are a vital ingredient in the process of translating organisational imperatives into strategic intentions and effective action.

To exert strategic leadership, Thompson and Strickland (2003) have suggested six roles that dominate the strategy implementer's action agenda: Managing by Walking Around, Fostering a strategy-supportive climate and culture, Keeping the internal organization responsive and innovative, Dealing with company politics, enforcing ethical standards, and leading the process of making corrective adjustments.

## Resource allocation

Okumus (2003) defines it as the process of ensuring that all necessary time, financial resources, skills and knowledge are made available. Gunnigle and Moore (1994) suggest that human resources are often under-utilized within organizations in comparison with the attention paid to financial and technological resource areas. It may be argued, therefore, that the route to competitive advantage requires the optimal utilization of all its resources: human, financial and technical. It is closely linked with operational planning and has a great deal of impact on communicating and on providing training and incentives (Gunnigle and Moore, 1994). Okumus (2003) suggests key issues to be considered as: the procedures of securing and allocating financial resources for the new strategy; information and knowledge requirements for the process of

implementing a new strategy; the time available to complete the implementation process; and political and cultural issues within the company and their impact on resource allocation.

Managers are usually forced into the budget-making process when executing strategies (Freedman, 2003). The various units should have adequate resources in order to carry out their respective parts of the strategic plan. They need enough of the right kinds of people and sufficient operating funds. Strategy implementers should monitor their subordinates' requests for new capital projects and operating budgets while distinguishing between what would be appropriate and what would make a justified contribution to execution of the strategy.

According to Thompson and Strickland (1998), Strategy implementers should be prepared to shift resources from one area to another in the support of new strategic initiatives and priorities since a change in strategy almost always requires budget reallocations. How well the strategy implementer links budget allocations to the needs of strategy can either promote or impede the execution process. Depriving strategy-critical groups of the funds required to execute their pieces of the strategy can undermine the implementation process.

## People

According to Okumus (2003), this involves recruiting new staff and providing training and incentives for relevant employees. Gunnigle and Moore (1994) argue that organizations will experience severe problems in strategy implementation if it is not effectively linked with appropriate personnel policy choices. A policy need to be in place that allows for recruitment of new staff as per requirements of the new business

strategy implementation. On the other hand, a new pay doesn't necessarily mean implementing reward practices or abandoning traditional ones; it means identifying pay practices that enhance the organisation's strategic effectiveness. Inconsistencies between what organisations say about their reward systems and what they do will create misunderstanding and not create the behaviours needed for business strategy achievement (Lewis, 2000). Operational planning and resource allocation have a direct impact on this factor.

## Communication

These are the mechanisms that send formal and informal messages about the new strategy. Peng and Litteljohn (2001) point out that communication and cooperation between diverse participants within an organisation have been recognised as crucial elements to maintain organisational stability and adaptation to change. Organisational communications play important roles in training, knowledge distribution and learning in the process of strategy implementation. Okumus (2003) observes that they may serve as important or even critical knowledge distribution/learning channels in developing new competencies, and as "supporting" networks by which local staff gain motivation and confidence. They further help to overcome the limitation of corporate resources and allow the distributed organisational resource to be used synergistically.

Communication is pervasive in every aspect of strategy implementation, and it is related in a complex way to organising processes, organisational context and implementation objectives which, in turn, have an impact on the implementation process. However, Peng and Littlejohn (2001) argue



that effective communication is a primary requirement of effective implementation but it does not guarantee the effectiveness of implementation.

## Control and feedback

According to Okumus (2003) this refers to the formal and informal mechanisms that allow the efforts and results of implementation to be monitored and compared against predetermined objectives. The main issues are: formal and monitoring activities carried out during and after the implementation process; communication and operational plans which are key to monitoring the process and providing feedback about its progress.

## Outcome

This is the intended and unintended results of the implementation process, which can be tangible and intangible (Johnson and Scholes, 2002). Key issues to be considered are: whether the new strategy has been implemented according to the plan, and if not, the reasons for this; whether predetermined objectives have been achieved; whether the outcomes are satisfactory to those involved in, and affected by, the process; and whether the company has learned anything from the strategy implementation process.

The implementation factors discussed above should not be considered separately. Thompson and Strickland (1998) commented that: "... the stronger the fits, the better the execution of strategy". This is because, as explained, a factor in one group can influence the other factors in the same and in other groups, then subsequently the outcome of the whole change process. This means that the implementation process needs to be

examined and evaluated from a holistic perspective over a long period of time. There must be "coherence" among the implementation factors if the strategy implementation process is to be successful.

Stonich (as in Okumus, 2003) argued that the effective implementation of strategy requires a constant effort to match together the basic elements that drive the organization. Everything depends upon everything else in strategy implementation, and that therefore there should be harmony among the key implementation factors.

### Building a capable Organization

For adept strategy implementation, the organization must have competent personnel, adequate skills, competent capabilities, and effective internal organization. Thompson and Strickland (1996) note that building a capable organization is usually a top priority in strategy execution. Some of the organization-building actions include the following: Selection of able people for the key positions, Building core competences, and reengineering business processes.

### Instituting best practices and commitment to continuous improvement

To perform the value-chain activities effectively and efficiently, each unit should benchmark how it performs specific tasks and activities against best-in-industry or best-in-world performers. For strategy critical activities where better quality performance or lower costs can have big impact on profitability, the firm should have a strong commitment to searching out and adopting best practices since this is integral to effective strategy execution. In search of best practices, benchmarking has led to reengineering, continuous improvement programs, and total quality management (Thompson and Strickland, 1996).

## Installing support systems

Well conceived, state-of-the art support systems facilitate better execution of strategy as well as strengthening the organizational capabilities enough to provide a competitive edge over rivals (Thompson and Strickland, 1998). For instance, a company striving to be a low-cost provider will require systems that exploit opportunities to drive costs out of the business. On the other hand, fast growing firms require employee recruiting systems to attract and hire qualified staff in large numbers. Installing implementation support requires Instituting formal reporting of strategic information.

## Designing strategy-supportive reward systems

Johnson and Scholes (2002) point out that all organizational units and individuals need to be fully committed to strategy execution and the achievement of performance targets. Managers can ensure such commitment by motivating people and rewarding them for good performance. Options that managers can use include giving people an opportunity to be part of something exciting, greater personal satisfaction, giving ambitious performance targets, giving praise, recognition, constructive criticism, increased or decreased job control, more or less responsibility, among other options. Whatever the option, these motivational techniques and rewards must be used creatively and also be linked closely to the factors and targets necessary for good strategy execution. Some of the strategy supportive reward systems are: motivational practices, rewards and incentives, linking work assignments to performance targets, and rewarding performance.

## ***Environmental factors***

A firm can be viewed as an open system with respect to the environment in which it operates (Bowman and Asch, 1987). It is involved in a continuous process of exchange with external parties – suppliers, customers, employees, and government bodies, - to obtain the necessary inputs and to disperse its outputs. So it competes with the other organizations for these resources. As such, the environment represents a source of both opportunities and threats.

According to Wu and colleagues (2004), business managers are facing dynamic environments yet today and are encountering more and more difficulties in their decision-making. In order to formulate suitable strategies, they must consider all aspects of dynamic environments and situations which they encounter. A Chinese saying, "The marketplace is a battlefield," reflects that it is really difficult for business managers to operate their corporate in marketplaces. A firm which needs success must consider three Key Success Factors: listening to the client's needs; assessing the environment; and coaching the personnel involved. However, it is said that success factors could change as the environment and strategies change.

Houlden (1996) argues that the best strategy is not the same for all companies; not even at the same time and in the same industry. The best strategy for a company depends on that company's performance, its particular strengths and weaknesses, and the opportunities and threats in its particular environment. And even for that one company, the best strategy may well change over time, depending on the changes in the environment.

For successful strategy implementation, an organization should understand the impact of external environment on strategy, as well as the internal resources and competences. The organization exists in the context of a complex political, economic, social, technological, and legal world. There is continuous change in the environment and it is more complex for some organizations than for others (Thompson and Strickland, 1998). Johnson and Scholes (2002) argue that it is important for the organization to understand the historical and environmental effects as well as the expected potential changes in the environmental variables if strategy is to be implemented successfully. According to Grant (1998), for a strategy to be successful, it must be consistent with the firm's goals and values, with its external environment, its resources and capabilities, and its organization and systems. Lack of consistency between the strategy pursued by a firm and its external and internal environment is a common source of failure. In currently facing dynamic environments, the tools of strategic management appear to be more and more important in improving the quality of decision-making (Wu et al, 2004). Through strategic management, all firms scan the environment, develop and implement strategies to react to this environment, and seek strategic control system (performance-related information) to feed back to the process of formulation and implementation of strategy.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1 Research Design**

This was a descriptive survey aimed at determining the factors influencing strategy implementation in the international NGOs operating in Kenya. A descriptive study was chosen because according to Cooper and Schindler (2001), it is concerned with finding out who, what, where, when, and how of variables. This was the concern of the researcher in this study.

#### **3.2 Population of the Study**

The population of interest consisted of all international NGOs operating in Kenya.

#### **3.3 Sample frame**

According to the NGO Coordinating Bureau, there were 311 registered International NGOs operating in Kenya as of August 2004. Most of these NGOs operated in more than one sector of the economy.

#### **3.4 Sample and sampling design**

A sample of 100 NGOs was chosen for the study using the random sampling method.

#### **3.5 Data Collection**

The study used primary data, which was collected through the use of a structured questionnaire. Most of the questions were closed and a few

open ended to make it easier for respondents to fill in the questionnaires and also simplify the data analysis process. The purpose of the primary data was to establish processes used and the factors that influence strategy implementation in the international NGOs. Emails and the drop-and-pick-later methods were used to distribute the questionnaires to top management individuals.

Similar studies of this nature - Awino (2000) and Koske (2003) - used this data collection method.

The Questionnaire included six parts: The first part was to provide information about the organization; the second part was to confirm whether or not the organization practiced strategic management; the third part was to give evidence of operationalisation of strategy; the fourth part was to provide evidence of institutionalization of strategy, as well as processes used in strategy execution; the fifth part was to identify the environmental factors influencing strategy implementation by international NGOs; and the final part was to establish the problems encountered in strategy implementation within the international NGOs.

### **3.6 Data Analysis**

Percentages were used to summarize responses on general information as well as whether or not strategic management was practiced in the organizations. Mean scores were used to determine the extent to which processes were used in strategy implementation. Percentages, tables, and charts were used to determine factors influencing strategy implementation.

## **CHAPTER 4**

### **RESEARCH FINDINGS**

#### **4.1 Introduction**

The study sought to establish factors influencing strategy implementation by the international NGOs operating in Kenya. Respondents were the top managers in international NGOs. The method of data collection used was questionnaires. These questionnaires had both multiple choice and rating scale questions. The data collected was analysed using percentages and mean scores. The intended sample was 100 international NGOs operating in Kenya but the response was only 25%.

This chapter presents the analysis and findings of the study. These are presented in 3 major sections: First, the chapter will discuss evidence of strategic management practice and operationalisation of strategy. Secondly, the processes used in strategy implementation will be discussed. Thirdly, the chapter will bring out the factors influencing strategy implementation among the international NGOs operating in Kenya.

#### **4.2 Profile of NGOs studied**

International NGOs that had part of their operations based in Kenya were studied. Those that only chose to have their coordination offices in Kenya for security reasons without any operations in the country were left out. This is because the factors influencing implementation of their strategies in their other countries of operation may not have been similar to the Kenyan context, even though these projects were coordinated from Kenya. A random sample of 100 NGOs was drawn for the study from a



population of 354 International NGOs registered by the NGO Coordinating Bureau. These were in various categories (sectors) including environment, health, water and sanitation, relief, among others.

Respondents were asked to state the year of inception of their organizations. Among them 56% were found to have been started before 1980s, 8% were started in the 1980s, 32% in the 1990s, while 4% began their operations in the 2000s. Again the respondents were asked to state the number of sectors in which they operate and 36% were found to be operating in only one sector, 8% in two sectors, 16% in three sectors, while 28% operate in more than three sectors. In addition, 4% of the NGOs were found to be operating in two countries, 16% in three countries, 4% in four countries, while 76% have their operations based in more than four countries. In regard to the number of employees in each organization, it was found that 40% of the NGOs have 5 – 100 employees, 12% have 101 – 500 employees, 4% have 501 – 1000 employees, while 36% have more than 1000 employees.

#### **4.3 Practice of Strategic Management**

This section contains data collected by multiple choice questions. The data was to provide evidence of strategic management practice and operationalisation of strategy. It was analysed using percentages. The results are presented below.

The respondents were asked to state whether or not they have vision and mission statements. Among them 84% stated that they have vision statements while 16% did not have a vision statement. All the NGOs, 100%, were found to have a mission statement. Again they were asked to

state whether or not they have strategic plans. All the respondents, 100%, stated that they have strategic plans. It is important to note that all the NGOs studied have mission statements and strategic plans.

When asked to state the number of years covered by their strategic plans, the respondents gave the following responses:

TABLE 1: Period of strategic plans

No of years	Frequency (F)	% (F/Total)*100
<b>1 - 5 yrs</b>	<b>24</b>	<b>96</b>
<b>6 - 10 yrs</b>	<b>0</b>	<b>0</b>
<b>More than 10 yrs</b>	<b>1</b>	<b>4</b>
<b>Other</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>25</b>	<b>100</b>

*Source: Research Data*

From Table 1 above, 96% of the respondents stated that their strategic plans cover 1 - 5 years while only 4% have their strategic plans covering more than 10 years. This shows that majority of the NGOs studied have their strategic plans covering a period of up to five years. It is interesting that none of them cover six to ten years.

When asked to state whether their strategic plans had been reviewed since the inception of the organization, all the respondents, 100%, stated that they have reviewed their strategic plans. The table below shows the frequency of review of the strategic plans in the studied NGOs.

TABLE 2: Frequency of review of strategic plans

No of years	Frequency (F)	% (F/Total)*100
<b>Quarterly</b>	<b>3</b>	<b>12</b>
<b>Annually</b>	<b>16</b>	<b>64</b>
<b>Bi-annually</b>	<b>1</b>	<b>4</b>
<b>Every three yrs</b>	<b>5</b>	<b>20</b>
TOTAL	25	100

Source: Research Data

The results above indicate that 64% of the NGOs review their strategic plans annually while only 4% reviews their plans bi-annually. It is important to note that majority of the NGOs studied review their plans every year, followed by every three years, then some of them after three months and only a few after two years.

The respondents were asked to state who formulates strategies in their organizations. The results are shown in the table below.

TABLE 3: Strategy formulators

Strategy formulator	Frequency (F)	% (F/Total)*100
<b>Executive Director (CEO)</b>	<b>3</b>	<b>12</b>
<b>Top Mgt</b>	<b>6</b>	<b>24</b>
<b>All employees</b>	<b>4</b>	<b>16</b>
<b>Consultants</b>	<b>1</b>	<b>4</b>
<b>Development partners</b>	<b>2</b>	<b>8</b>
<b>Combination of more than one above</b>	<b>8</b>	<b>32</b>
<b>No response</b>	<b>1</b>	<b>4</b>
TOTAL	25	100

Source: Research Data

From the table above, the results are that 32% of the NGOs have their strategies formulated by more than one category of people. At least two of the strategy formulators indicated in the table above participate in formulation of the NGO's strategies. 4% of the respondents indicated that their strategies are formulated by consultants. From these results an interesting observation is that a large number of the NGOs studied use a combination of two or more categories of strategy formulators, with some others using top management or participation of all employees. However, very few of them use development partners or consultants to formulate their strategies.

Respondents were asked to state whether they have annual objectives. All, 100%, indicated that their organizations do have annual objectives. The table below shows how these objectives are set according to the respondents.

TABLE 4: Annual objective setting

Annual Objective formulators	Frequency (F)	% (F/Total)*100
<b>By Board of Directors</b>	<b>5</b>	<b>20</b>
<b>Top Mgt</b>	<b>3</b>	<b>12</b>
<b>Heads of Dept.</b>	<b>2</b>	<b>8</b>
<b>All employees participate</b>	<b>7</b>	<b>28</b>
<b>Devt. Partner's policies</b>	<b>0</b>	<b>0</b>
<b>Combination of more than one above</b>	<b>8</b>	<b>32</b>
<b>TOTAL</b>	<b>25</b>	<b>100</b>

*Source: Research Data*

The table above shows that 32% of the NGOs have their annual objectives set by more than one of the categories indicated in the table. 0% has their annual objectives set by the development partners. These results show that majority of the NGOs studied use a combination of two

or more annual objective formulators, followed by a participation of all employees, then the board of directors. It is quite interesting to note that very few of them use department heads and none of these NGOs use development partners' policies to set their annual objectives.

When asked to state whether there are functional strategies in each department, 92% of the respondents indicated that they have functional strategies in each department. 8% stated that they do not have departmental functional strategies. This means that majority of the NGOs have departmental functional strategies. The table below shows where the functional strategies are derived from.

TABLE 5: Origin of functional strategies

Functional strategy origin	Frequency (F)	% (F/25)*100
<b>Company's strategic plan</b>	<b>10</b>	<b>40%</b>
<b>Client feedback</b>	<b>4</b>	<b>16%</b>
<b>Management meetings</b>	<b>4</b>	<b>16%</b>
<b>Development partners' directives</b>	<b>0</b>	<b>0%</b>
<b>Other</b>	<b>2</b>	<b>8%</b>
<b>Combination of more than one in the above</b>	<b>5</b>	<b>20%</b>
TOTAL	25	100

*Source: Research Data*

From Table 5 above, it is important to note that majority of the NGOs studied, 40%, derive their functional strategies from the organization's strategic plans. This is followed by the use of client feedback and the management meetings. However, it is interesting that none of the NGOs have their functional strategies derived from the directives of development partners. A large number, 20%, preferred to use a combination of two or more of the various categories.

Respondents were asked to state the period when their functional strategies were lastly reviewed. The table below shows the results.

TABLE 6: Last review of functional strategies

Period	Frequency (F)	% (F/Total)*100
<b>0 - 5 years</b>	<b>25</b>	<b>100%</b>
<b>6 - 10 years</b>	<b>0</b>	<b>0%</b>
<b>Have never been reviewed</b>	<b>0</b>	<b>0%</b>
<b>Other</b>	<b>0</b>	<b>0%</b>
Total	25	100

*Source: Research Data*

All the NGOs studied, 100%, review their functional strategies every five years. An interesting observation is that among the respondents, none of them review their functional strategies every six to ten years, and they all have at least reviewed these strategies since when they were first formulated.

When asked to indicate whether they changed their organization policies when new strategies were formulated, 56% of the respondents said yes, 40% No, while 4% did not respond. This indicates that majority of the NGOs actually adjust their policies to new strategies, while some of them choose to operate under the same old policies even after strategies change.

The respondents were asked to state whether their organizations referred to the strategic plans when planning to execute their activities. The results are shown in the table below.

Table 7: Use of strategic plans in activity execution

Frequency of reference to Strategic Plans	No. of NGOs	%
<b>Always</b>	<b>16</b>	<b>64%</b>
<b>Very often</b>	<b>7</b>	<b>28%</b>
<b>Occasionally</b>	<b>2</b>	<b>8%</b>
<b>Rarely</b>	<b>0</b>	<b>0%</b>
<b>Not at all</b>	<b>0</b>	<b>0%</b>
Total	25	100%

Source: Research Data

Table 7 above shows that majority of the studied NGOs, 64%, always refer to their strategic plans when planning to execute their activities, while none of them rarely refer to their strategic plans. Whether done very often or occasionally, the results show that all NGOs at least refer to their strategic plans when planning to execute their organization activities.

When asked to state whether their current policies adequately supported the organization's Strategic plan, majority of the respondents, 56%, stated that their current policies are adequate while 44% stated that their policies are very adequate. None of them showed a below average performance on policies and this is quite encouraging.

#### 4.4 Strategy Implementation Processes

This section contains data obtained from rating scale questions. The data was analysed using mean scores. The higher the mean score, the more effective the process had been used in strategy implementation and vice versa. Results on the various questions are shown below.

Respondents were asked to use a 5 point scale to rate the extent to which the various processes had been effectively used in strategy implementation within their organisations. 1 represented no effect at all, while 5 represented very effective.

TABLE 8: Strategy Implementation Processes

Process	n	Mean score
<b>Direct Supervision</b>	<b>24</b>	<b>4.00</b>
<b>Planning and control systems</b>	<b>24</b>	<b>4.54</b>
<b>Performance Targets</b>	<b>24</b>	<b>4.50</b>
<b>Market Mechanisms</b>	<b>23</b>	<b>3.04</b>
<b>Social/Cultural Processes</b>	<b>23</b>	<b>3.74</b>
<b>Self control and Personal motivation</b>	<b>25</b>	<b>4.60</b>
GRAND MEAN		4.07

Source: Research Data

From Table 8 above, the general conclusion is that all the processes are effectively used in strategy implementation. The results show that self control and personal motivation was the process most effectively used in strategy implementation by the studied NGOs, with a mean score of 4.60. This is followed by planning and control systems, performance targets, and direct supervision. Market mechanism was the least used process with a mean score of 3.04.

#### 4.5 Factors Influencing Strategy Implementation

This section contains an investigation of the organizational and environmental factors as well as problems encountered in implementation of strategy. The data was obtained using rating scale questions. Analysis of the data was done using mean scores to show the



most influential factor and most common problem among the studied organizations.

Respondents were asked to use a 5 point scale to indicate the extent to which each of the stated organizational factors had contributed to successful strategy implementation. 5 represented very successful while 1 represented not at all. The higher the mean score, the more the factor had contributed to successful strategy implementation and vice versa. The results are shown in the table below.

TABLE 9: Organizational Factor contribution to Strategy Implementation

Organizational Factor	n	Mean score
<b>Change of structure</b>	<b>24</b>	<b>3.88</b>
<b>Changing of culture</b>	<b>24</b>	<b>3.75</b>
<b>Leadership of the Executive Director /C.E.O</b>	<b>25</b>	<b>4.40</b>
<b>Organizational procedures</b>	<b>25</b>	<b>4.16</b>
<b>Management skills</b>	<b>25</b>	<b>4.04</b>
<b>Employee training</b>	<b>25</b>	<b>4.00</b>
<b>Financial resources</b>	<b>24</b>	<b>4.00</b>
<b>Reward policy</b>	<b>24</b>	<b>3.21</b>
GRAND MEAN		3.93

Source: Research Data

From Table 9 above, the general conclusion is that the organizational factors had contributed to successful strategy implementation, with a grand mean of about 4.00. The Executive Director’s leadership contribute

to the highest success in strategy implementation among the NGOs studied, with a mean score of 4.40. This was followed by organizational procedures, management skills, employee training and financial resources. Reward policy had the least contribution to successful execution of strategy, with a mean score of 3.21.

Respondents were asked to use a 5 - point scale to rate the degree of effectiveness to which each of the following devices had been employed to supplement their basic organization structure. 5 represented highly effective, while 1 represented not effective at all. The higher the mean score, the more effective the device had been used to supplement the organization structure and vice versa. The responses can be summarised as below.

TABLE 10: Organization structure supplements

Device For Supplementing Organization Structure	n	Mean Score
<b>Special project teams</b>	<b>22</b>	<b>4.50</b>
<b>Cross-functional task forces</b>	<b>20</b>	<b>4.30</b>
<b>Venture teams</b>	<b>19</b>	<b>3.11</b>
<b>Self-contained work teams</b>	<b>21</b>	<b>3.81</b>
<b>Process teams</b>	<b>21</b>	<b>3.95</b>
<b>Contact managers</b>	<b>20</b>	<b>3.65</b>
GRAND MEAN		3.89

*Source: Research Data*

Table 10 above generally shows that the various devices were used effectively in supplementing the basic organization structure in the NGOs

studied, with a grand mean of about 4.00. It is clear that special project teams were the most effectively used in supplementing the organization structure, with a mean score of 4.50. This was followed by cross-functional task forces, process teams, and self-contained work teams. Contact managers and venture teams were the least effectively used devices.

When asked to use a 5 point scale to rate the extent to which each of the cultural practices below had negatively influenced the execution of strategy in their organizations, the respondents gave the responses shown in the table below. 5 represented very great effect, whereas 1 represented no effect at all. The higher the mean score, the greater the negative effect of the cultural practice on implementation of strategy and vice versa.

TABLE 11: Culture influence on strategy execution

Cultural practice	n	Mean score
<b>A politicized internal environment</b>	<b>22</b>	<b>3.27</b>
<b>Hostility to change</b>	<b>22</b>	<b>3.18</b>
<b>Promotion of traditional managers</b>	<b>21</b>	<b>2.43</b>
<b>Aversion to superior practices</b>	<b>22</b>	<b>2.86</b>
GRAND MEAN		2.94

*Source: Research Data*

From the results displayed on Table 11 above, the general picture is that the various cultural practices had a moderate negative influence on execution of strategy, with a grand mean of about 3.00. A politicized

internal environment was found to have a very great negative influence on strategy execution in most of the organizations studied, having a mean score of 3.27. This was followed by hostility to change, then aversion to superior practices. Promotion of traditional managers was the cultural practice with the least negative influence on strategy execution having a mean score of 2.43.

Respondents were asked to use the 5 point scale to state the extent to which their organizations had undertaken each of the tasks to build a spirit of high performance into the organization culture. 5 represented very great extent while 1 represented not at all. The higher the mean score, the greater the extent to which the task had been undertaken to build a high performance spirit into the organization culture, and vice versa. The responses are shown below.

TABLE 12: Building high performance spirit into culture

Task	n	Mean score
<b>Treating employees with dignity and respect</b>	<b>25</b>	<b>4.68</b>
<b>Training each employee thoroughly</b>	<b>25</b>	<b>3.88</b>
<b>Encouraging employees to use own initiative and creativity</b>	<b>25</b>	<b>4.52</b>
<b>Setting reasonable performance targets</b>	<b>25</b>	<b>4.04</b>
<b>Granting employees autonomy to stand out and excel</b>	<b>25</b>	<b>4.04</b>
GRAND MEAN		4.23

Source: Research Data

Table 12 above shows that generally, the NGOs studied had undertaken the tasks of building a high performance spirit to a great extent, with a grand mean of 4.23. The task used to the greatest extent by the studied NGOs was treating their employees with dignity and respect. This had a mean score of 4.68. The next task used to a great extent was encouraging employees to use own initiative, followed by setting reasonable performance targets and granting employees autonomy to stand out and excel. The least undertaken task in building a high performance spirit into the organization culture was training each employee thoroughly, having a mean score of 3.88.

When asked to use the 5 point scale to rate how they found each of the environmental factors below impacting on strategy implementation in their organizations, the respondents gave various responses. 5 represented very great impact, while 1 represented no impact at all. The higher the mean score, the greater was the impact of the environmental factor on implementation of strategy, and vice versa.

TABLE 13: Environmental factor Impact on strategy implementation

Environmental factor	n	Mean score
<b>Economic factors</b>	<b>25</b>	<b>4.36</b>
<b>Political factors</b>	<b>25</b>	<b>3.76</b>
<b>Socio-cultural factors</b>	<b>24</b>	<b>3.38</b>
<b>Technological factors</b>	<b>25</b>	<b>4.08</b>
<b>Threat of new entrants</b>	<b>25</b>	<b>1.76</b>
<b>Bargaining power of suppliers</b>	<b>24</b>	<b>2.63</b>
<b>Bargaining power of buyers</b>	<b>24</b>	<b>1.67</b>
<b>Threat of substitute products/services</b>	<b>24</b>	<b>1.46</b>
<b>Rivalry among existing organizations</b>	<b>24</b>	<b>1.88</b>
<b>Competitors</b>	<b>24</b>	<b>2.21</b>
<b>Creditors</b>	<b>22</b>	<b>1.32</b>
<b>Customers/clients</b>	<b>24</b>	<b>2.63</b>
<b>Labor market</b>	<b>24</b>	<b>1.58</b>
<b>Suppliers</b>	<b>24</b>	<b>1.96</b>
GRAND MEAN		2.48

Source: Research Data

Generally, the results above indicate that the various environmental factors had a slightly great impact on execution of strategy, having a grand mean of 2.48. Economic factors were found to have the greatest impact on strategy execution, with a mean score of 4.36. This was followed by technological, political, and then socio-cultural factors. The Porter's five forces as well as operational factors were generally found to have a very slight impact on strategy execution in the NGOs studied. The factor with the least impact was creditors with a mean score of 1.32.

Respondents were asked to use the 5 point scale and rate the seriousness or magnitude of each of the problems below in the implementation of the documented strategies in their organizations. 5 represented very serious, whereas 1 represented no effect at all. The higher the mean score, the greater was the seriousness of the problem in strategy execution and vice versa.

TABLE 14: Problems in Strategy execution

<b>Problem</b>	<b>n</b>	<b>Mean score</b>
Poor Leadership style	23	3.22
Wrong organizational structure	23	2.57
Un-supportive organizational culture	23	2.39
lack of financial resources	24	3.58
Insufficient human resource skills	23	2.43
Inadequate physical resources	23	2.17
Inadequate technical know-how	23	2.13
Wrong strategy choice	23	1.87
Limited information technology capacity	24	1.96
Dev't. partners' interference and regulations	24	2.04
Poor management of resources	23	2.48
Global trends in the NGO sector	22	3.18
Government interference and regulations	24	2.33
Lack of clear responsibility in implementation	23	1.78
Inactive role of key strategy formulators	23	2.00
Key implementation tasks undefined	23	1.83
Overall goals not well understood	23	2.30
External environment uncontrollable factors	24	3.46
Surfacing of major unidentified problems	23	3.70
Leaving of key strategy supporters/advocates	23	2.22
Implementation time and problems unpredicted	24	2.29
Resistance from lower levels	23	1.96
Lack of stakeholder commitment	22	2.27
Lack of feedback on progress	24	2.38
Lack of senior management support	22	2.86
Inadequate information and communication systems	23	2.22
De-linking reward systems from strategic performance	23	2.48
Distractive unexpected commitments and activities	24	2.63
Insufficient flexibility of strategy	23	2.87
<b>GRAND MEAN</b>		<b>2.47</b>

Source: Research Data



From Table 14 above, the grand mean, 2.47, gives the indication that the problems listed above had a slightly serious effect on strategy execution among the studied international NGOs. It is clear that the most common problem in strategy execution among the NGOs studied was surfacing of major problems not identified from the beginning, with a mean score of 3.70. This was followed by lack of financial resources, uncontrollable factors in the external environment, then poor leadership style, with a mean score of 3.22. Global trends in the NGO sector were the next problem affecting strategy implementation, with a mean score of 3.18.

The least serious problems affecting strategy implementation among the NGOs studied included lack of clear responsibility being fixed for implementation, with a mean score of 1.78. This was followed by key implementation tasks not sufficiently defined, with a mean score of 1.83. Wrong strategy choice, limited technology capacity, resistance from lower levels, and inactive role played by key strategy formulators were also found to be less serious problems.

When asked to rate the level of their organizations' determination in implementing the documented strategies, the respondents gave the following responses.

TABLE 15: Organization determination in strategy implementation

	<b>n</b>	<b>Mean score</b>
Organization determination in strategy implementation	<b>25</b>	<b>4.68</b>

*Source: Research Data*

As indicated in the table above, it can be concluded that the NGOs studied are highly determined in implementing their documented strategies, with a mean score of almost 5.0. This indicates that they are committed to proper execution of their strategies.

## **CHAPTER 5**

### **SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter covers the summary, discussions and conclusions of the study. The study sought to establish the factors influencing strategy implementation among the International NGOs operating in Kenya. The findings of the study are presented in order of the key aspects of the objective of the study: First, evidence of strategic management practice and operationalisation of strategy; secondly, the processes used in strategy implementation; thirdly, the factors influencing strategy implementation among the international NGOs operating in Kenya.

##### ***5.1.1 Practice of Strategic Management***

In summary, all the International NGOs studied had mission statements and strategic plans. They all had reviewed their strategic plans since the year of inception. Majority of them combined at least two categories of decision makers when formulating new strategies and setting annual objectives. They all had annual objectives, while majority had functional strategies in each department reviewed every five years. Majority of the NGOs studied derived their functional strategies from the organization's strategic plans or a combination of management meetings, client feedback, among others. Almost 50% reviewed their policies to match new strategies, while majority always referred to their strategic plans when planning to execute organization activities.

Kiliko (2000) stated that the whole issue of values is central to management in the NGO sector and that the key driver is its mission. This explains why all the NGOs studied had mission statements. Most of the development partners require the NGOs to have well formulated strategic plans; this explains why all the NGOs had strategic plans which were reviewed from time to time. To ensure full ownership and success in strategy implementation, it is important to involve all the employees at all levels. The NGOs studied understood the advantages of employee involvement and thus majority of them combined at least two categories of decision makers when formulating strategies and setting annual objectives. To make a strategy operational, an organization has to develop functional strategies for each sub-unit, which are derived from the strategic plans. The studied NGOs were found to have a good understanding of this factor. Policies have to be reviewed in light of new strategies to ensure successful implementation.

However, a big number of the NGOs did not understand this and hence they did not review their policies or adjust to the new strategies. This can be hindrance to success. The organization's overall strategic plans cannot be ignored when planning to execute organization activities because they give the general direction that should be taken to achieve the vision and mission. Most of the NGOs were found to have a good knowledge of this factor.

From the foregoing discussion, it can be concluded that most NGOs practice strategic management and apply most of the key principals required to ensure organization success and growth. It is good that all NGOs studied have mission statements, strategic plans, annual objectives, functional strategies and policies; which are all basic requirements in the practice of strategic management. All NGOs are therefore encouraged to follow the same path.

### **5.1.2 Strategy Implementation Processes**

Among the NGOs studied, the most effectively used strategy implementation process was self control and personal motivation, followed by planning and control systems as well as performance targets. Market mechanisms and socio-cultural processes were least effectively used.

Johnson and Scholes (2002) argue that without the formal and informal organizational processes, organizations cannot work effectively. The studied NGOs used the various processes in different ways. Most of the international NGOs have access to best-in-world IT and communication infrastructure as well as good leadership. This can explain why self control and personal motivation were most effectively used among all other processes. The effective use of planning and control systems may be attributed to the fact that NGOs depend entirely on development partners for resources to carry out their projects. They are required to give regular reports on how these resources were utilized, failure to which this support maybe withdrawn. Thus proper planning and control systems are crucial in resource allocation.

On the other hand, the effective use of performance targets can be explained by the fact that NGOs must be seen to be adding value to the society to command continued support from the development partners. They need to execute their projects in a way that gives a reason for their continued existence. Thus they must be keen on achievement of performance target. The least effective use of market mechanisms can be explained by the fact that NGOs are profit-oriented firms are their major concern it to serve the less fortunate in society.

From the foregoing discussion, all NGOs are encouraged to use the various processes to ensure effective implementation of their strategies. Self control and motivation, planning and control systems, as well as performance targets are useful to all NGOs and thus should be used effectively.

### ***5.1.3 Factors Influencing Strategy Implementation***

Majority of the NGOs indicated that leadership of the Executive Director had contributed to great success in strategy implementation, followed by set organization procedures, management skills, employee training, and financial resources. Change of structure, culture and reward policy contributed least success. International NGOs have the facilities and resources to attract world class work force, hence, they have Executive Directors capable of providing the required leadership to ensure success in implementation. Apart from the Executive Director, these NGOs have the resources to attract qualified Managers, providing the employees with the necessary training, and they also have adequate financial resources to implement their strategies. The least success contributed by change of structure, culture and reward policy may be attributed to the small sample size. If there were more respondents, may be the response would be different as structure, culture and reward policy are some of the critical factors that contribute to success in strategy implementation.

Following the discussion above, it is important to conclude that all NGOs need good leadership, management skills, quality employee training, and enough financial resources to implement their strategies. Structure, culture and reward policy should also be considered as they are equally important in effective strategy implementation.

Most effectively used device for supplementing the organizational structure was special project teams, and cross-functional task forces. The least effectively used was venture teams and contact managers. This can be explained by the fact that most NGOs carry out their work on a project-per- project basis, a reason why special project teams and cross-functional task forces were highly used to implement strategies, with least effective use of venture teams and contact managers as these are more applicable to profit-oriented firms especially the manufacturing sector.

In conclusion, it is good that all NGOs use effectively special project teams and cross-functional task forces, thus, all other NGOs are encouraged to use the same.

The NGOs were least affected by the various common cultural practices that negatively impact on strategy implementation such as hostility to change, promotion of traditional managers, aversion to superior practices and politicized internal environment. This maybe explained by their access to best-in-world practices and capability to attract quality work force. These NCOs are more enlightened and have a clear picture of where they are going, hence, no room for some of these negative cultural practices. In conclusion, all NGOs are encouraged to avoid the influence of such negative cultural practices as they can adversely affect strategy implementation.

Treating employees with dignity and respect had been undertaken to a great extent in most of the NGOs in building high performance spirit into the organization culture. This was followed by encouraging employees to use own initiative and creativity, setting reasonable performance targets and granting employees autonomy to perform. The least undertaken was

training each employee thoroughly, though this was still above average. For any organization to effectively implement strategies, a spirit of high performance has to be built into their organization culture. It is good that all the studied NGOs had taken undertaken the various activities necessary in building such a high performance spirit. All other NGOs are encouraged to do the same as this enhances strategy implementation to a great extent.

The environmental factors that had greatest impact on implementation were economic factors, technology, political and socio-cultural factors. Porter's five forces had least impact on implementation. Like all other organizations, NGOs operate in a highly turbulent environment that is characterized by change in the economy, technology, politics, among other factors. International NGOs operate in a wider environment and are likely to face more environmental challenges compared to other local organizations. This explains great impact on implementation of the various environmental factors such as economic, technological, political, and social cultural. The least impact on strategy implementation by Porter's five forces may be explained by the fact that NGOs are not in a profit-making business and hence they tend to cooperate rather than compete in service delivery. All other NGOs are therefore encouraged to work together in ensuring quality service provision to the target communities. They are also encouraged to carry out a thorough environmental study and come up with the right strategies so as to avoid the adverse effects of environmental changes.

The most serious problems in strategy implementation among the studied NGOs were surfacing of major problems not earlier identified, lack of financial resources, un-controllable factors in the external environment, poor leadership style, and global trends in the NGO sector.

The least serious problems were lack of clear responsibility set out in implementation, key implementation tasks not defined, wrong strategy choice, limited technology capacity, resistance from lower levels, and inactive role played by key strategy formulators. Majority of NGOs find themselves shifting the blame on poor performance to factors such as poor leadership, and inadequate financial resources. Most of the NGOs studied faced the problem of mismanagement of the resources especially finances. Koske (2003) found out that the same problems were rampant in strategy implementation by public corporations, that is, poor leadership, poor management of resources, and inadequate financial resources. All NGOs are encouraged to carry out a thorough study of their environment in order to come up with ways of dealing with changes in the environment. Before embarking on implementation of any strategy, it is important to look at all the possible problems that may arise and how to deal with them in the event that they occur.

It is good that all the NGOs had clear responsibility set out in implementation, defined key implementation tasks, right strategy choices, adequate technology capacity, minimal resistance from lower levels, and active role played by key strategy formulators. All other NGOs are therefore encouraged to follow the same direction to ensure effective and successful strategy implementation.

## **5.2 Limitations of the study**

The researcher faced various challenges when carrying out this study. To begin with, the time available was too short for such a study. The area of strategy implementation is too broad and too critical in an organization. It tends to vary from one organization to the other thus the researcher would have preferred to do personal interviews but due to the time as



well as financial factor, emails and drop-and-pick-later methods were used. NGOs were found to be too busy and most of the top managers claimed to have no time for the questionnaire. This called for more time to be given to the respondents.

Again, the database obtained from the NGO Coordinating Bureau was outdated as most of the locations and emails provided were not correct. Some of them had relocated as far back as three years ago. Thus the researcher was unable to successfully distribute the 100 questionnaires as per the intended sample. Others had stopped operating while some had withdrawn their operations from Kenya. The researcher also established that some of the international NGOs listed in the NGO coordinating Bureau database only had their offices in Kenya for security reasons but operations were in other countries such as Sudan and Somalia. These were therefore disqualified from the sample, thus reducing the number of possible respondents.

### **5.3 Recommendations for further research**

Future scholars may look into the effects of donor involvement and/or government regulations on the management of NGOs in strategy implementation. Scholars can also carry out a study on the effectiveness of strategy implementation among various NGOs to establish if the process is helping in achievement of organization objectives.

#### **5.4 Recommendations for policy and practice**

The researcher recommends that NGOs should find a way of fighting corruption within the organizations, increase accountability and practice good governance as this can bring down an organization especially where the development partners decide to suspend their financial support due to lack of confidence in these NGOs. Again, all employees should be involved so that when some people leave the organization, implementation is not affected. Succession planning should also be highly encouraged and practiced to ensure that every position has a successor in case some people decide to leave.

Reward systems need to be linked to performance so that people can work hard towards achieving the desired objectives. Strategy should be flexible such that it can be changed or adjusted based on the opportunities and threats arising in the environment. If not flexible, the NGOs like all other organizations can run into trouble and find themselves being overtaken by events. Policies should also be reviewed in light of new strategies to ensure effective implementation.

## REFERENCES

- Al-Ghamdi, S.M. (1998) "Obstacles to successful implementation of strategic decisions: the British experience", European Business Review, Vol. 98, 6, MCB University Press.
- Awino, Z. B. (2000) Effectiveness and Problems of Strategy Implementation of Financing Higher Education in Kenya by the Higher Education Loans Board. Unpublished MBA Research Project, University of Nairobi.
- Bowman, C. and Asch, D. (1987) Strategic Management, First Edition, Macmillan Press Ltd.
- Bukusi, V. (2003) A survey of Strategic Management Practices in reproductive health Non Governmental Organizations operating in Kenya. Unpublished MBA Research Project, University of Nairobi.
- Bwibo, A. (2000) A survey of Strategic Change Management Practices within NGOs in Kenya. Unpublished MBA Research Project, University of Nairobi.
- Cooper, D.R. and Schindler, P.S. (2001) Business Research Methods, Seventh Edition, McGraw-Hill.
- Dees, J.G. (1998) Enterprising Non-profits: Harvard Business Review, pp55-67.
- Feurer, R. and Chaharbaghi, K. (1995) "Researching strategy formulation and implementation in dynamic environments", Benchmarking: An International Journal: Vol.2, 4.
- Fowler, A., (2000) The Virtuous Spiral: A guide to sustainability for NGOs in international development, Earthscan Publications Ltd, London.
- Freedman, M. (2003) "The genius is in the implementation", Journal of Business Strategy, Vol. 24, 2.
- Grant, R. M. (1998) Contemporary Strategy Analysis: Concepts, Techniques, Applications, Third Edition, Blackwell Publishers.
- Gunnigle, P. and Moore, S. (1994) "Linking Business Strategy and Human Resource Management: Issues and Implications", Personnel Review, Vol. 23, 1, MCB University Press.

#### **5.4 Recommendations for policy and practice**

The researcher recommends that NGOs should find a way of fighting corruption within the organizations, increase accountability and practice good governance as this can bring down an organization especially where the development partners decide to suspend their financial support due to lack of confidence in these NGOs. Again, all employees should be involved so that when some people leave the organization, implementation is not affected. Succession planning should also be highly encouraged and practiced to ensure that every position has a successor in case some people decide to leave.

Reward systems need to be linked to performance so that people can work hard towards achieving the desired objectives. Strategy should be flexible such that it can be changed or adjusted based on the opportunities and threats arising in the environment. If not flexible, the NGOs like all other organizations can run into trouble and find themselves being overtaken by events. Policies should also be reviewed in light of new strategies to ensure effective implementation.

## REFERENCES

- Al-Ghamdi, S.M. (1998) "Obstacles to successful implementation of strategic decisions: the British experience", European Business Review, Vol. 98, 6, MCB University Press.
- Awino, Z. B. (2000) Effectiveness and Problems of Strategy Implementation of Financing Higher Education in Kenya by the Higher Education Loans Board. Unpublished MBA Research Project, University of Nairobi.
- Bowman, C. and Asch, D. (1987) Strategic Management. First Edition, Macmillan Press Ltd.
- Bukusi, V. (2003) A survey of Strategic Management Practices in reproductive health Non Governmental Organizations operating in Kenya. Unpublished MBA Research Project, University of Nairobi.
- Bwibo, A. (2000) A survey of Strategic Change Management Practices within NGOs in Kenya. Unpublished MBA Research Project, University of Nairobi.
- Cooper, D.R. and Schindler, P.S. (2001) Business Research Methods, Seventh Edition, McGraw-Hill.
- Dees, J.G. (1998) Enterprising Non-profits: Harvard Business Review , pp55-67.
- Feurer, R. and Chaharbaghi, K. (1995) "Researching strategy formulation and implementation in dynamic environments", Benchmarking: An International Journal; Vol.2, 4.
- Fowler, A., (2000) The Virtuous Spiral: A guide to sustainability for NGOs in international development, Earthscan Publications Ltd, London.
- Freedman, M. (2003) "The genius is in the implementation", Journal of Business Strategy, Vol. 24, 2.
- Grant, R. M. (1998) Contemporary Strategy Analysis: Concepts, Techniques, Applications, Third Edition, Blackwell Publishers.
- Gunnigle, P. and Moore, S. (1994) "Linking Business Strategy and Human Resource Management: Issues and Implications", Personnel Review, Vol, 23, 1, MCB University Press.

- Hax, A. C. and Majluf, N. S. (1996) The strategy Concept and Process: A Pragmatic Approach, 2<sup>nd</sup> Edition, Prentice Hall.
- Houlden, B. (1996) Understanding Company Strategy: An Introduction to Analysis and Implementation, Second Edition, Blackwell Publishers Ltd.
- Hunger, J. D., and Wheelen, T. (1995) Strategic Management, Wesley Publishing Company, Massachusetts.
- Johnson, G. and Scholes, K. (2002) Exploring Corporate Strategy: Text and Cases, Sixth Edition, Prentice-Hall India.
- Koske, F. K. (2003) Strategy Implementation and its Challenges in Public Corporations: The Case of Telkom Kenya Ltd. Unpublished MBA Research Project, University of Nairobi.
- Kiliko, J. (2000) Strategic Planning with NGOs in Kenya. Unpublished MBA Research Project, University of Nairobi.
- Kiruthi, J. N. (2001) The state of strategic management practices in not-for-profit organizations. The case of public membership clubs in Nairobi. Unpublished MBA Research Project, University of Nairobi.
- Lewis, P. (2000) "Exploring Lawler's New Pay Theory through the Case of Finbank's Reward Strategy for Managers", Personnel Review, Vol. 29, 1.
- Mabururu, T. M. (2003) Factors influencing the formation and operation of non governmental organizations in Kenya. Unpublished MBA Research Project, University of Nairobi.
- Meldrum, M. and Atkinson, S. (1998) "Meta-abilities and the implementation of strategy: Knowing what to do is simply not enough", Journal of Management Development, Vol.17, 8.
- Okumus, F. (2001) "Towards a Strategy Implementation Framework", International Journal of Contemporary Hospitality Management, MCB University Press.
- Okumus, F. (2003) "A framework to implement strategies in organizations", Management Decision, Vol. 41, 9, MCB University Press

- Pearce, J. A. and Robinson, R. B. (2003) Strategic Management: Strategy Formulation and Implementation, Third Edition, Richard D. Irwin.
- Pechlaner, H. and Sauerwein, E. (2002) "Strategy implementation in the Alpine tourism industry", International Journal of Contemporary Hospitality Management Vol. 14, 4, MCB University Press.
- Peng, W. and Litteljohn, D. (2001) "Organisational communication and strategy implementation - a primary enquiry", International Journal of Contemporary Hospitality Management; Vol. 13, 7.
- Sterling, J. (2003) "Translating Strategy into Effective Implementation: Dispelling the Myths and Highlighting What Works", Strategy and Leadership, Vol. 31, 3, MCB UP Ltd.
- Thompson, A. A. and Strickland, A. J. (1996) Strategic Management: Concepts and Cases, Ninth Edition, Richard D. Irwin.
- Thompson, A. A. and Strickland, A. J. (1998) Crafting and Implementing Strategy: Text and Readings, Tenth Edition, McGraw Hill.
- Thompson, A.A. and Strickland, A. J. (2003) Strategic Management: Concepts and Cases, 13<sup>th</sup> Edition, Tata McGraw-Hill Publishing Company.
- Warsame, A. A. (2002) A survey of the Strategic Development Practices of relief and Development NGOs in Kenya. Unpublished MBA Research Project, University of Nairobi.
- Wu, W; Chou, C. H; and Wu, Y. (2004) "A study of strategy implementation as expressed through Sun Tzu's principles of war", Industrial Management & Data Systems; Vol. 104, 5.

**PROJECT TITLE:**

**Factors Influencing Strategy Implementation in  
International  
Non-Governmental Organizations Operating in Kenya**

I am an MBA student carrying out the above-mentioned study. This study is researching the factors influencing strategy implementation in international Non-Governmental Organizations (NGOs) operating in Kenya. It is aiming at exploring the key issues that all organizations must consider to ensure effective and successful execution of their strategies. This is in order to share effective practice on this topical issue.

The approach to conducting this research is quantitative through self-administered questionnaires. The results from the questionnaires can investigate into the organizational and environmental factors that International NGOs battle with when putting their strategies into action.

I am aware of the need to treat the responses with utmost confidentiality. In addition, one of the intended outputs will be a report summarizing the findings and a copy of this will be sent to your organization at your request.

Being in top management of your organization, you have experiences that would be of value to this project and meanwhile I would very much like to know your personal views on this research. Attached is a questionnaire; kindly fill in as required. I request you to email your responses back to me at least by 7<sup>th</sup> September 2004. Your cooperation will be highly appreciated.

If you require any further information please do not hesitate to contact me by email [jacmu2g1@yahoo.com](mailto:jacmu2g1@yahoo.com) or telephone on 0733-57 39 51.

Yours sincerely,

**RESEARCHER**

Jacinta M. Michael

MBA in Strategic Management

University of Nairobi



## QUESTIONNAIRE

### PART A

1. Year of inception

a) 1980s

b) 1990s

c) 2000s

d) Other, please specify \_\_\_\_\_

2. Within how many sectors do you operate?

\_\_\_\_\_

3. In how many countries are your operations based?

a) Two

b) Three

c) Four

d) More than four

4. How many employees do you have in total?

a) 5 - 100

b) 101 - 500

c) 501 - 1000

d) More than 1000

e) Other, please specify \_\_\_\_\_

### PART B

1. a) Does your organization have a vision statement?

Yes ( ) No ( ).

b) If yes, what is it?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. a) Does your organization have a mission statement? Yes ( ) No ( ).

b) If yes, what is it?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. a) Does your organization have strategic plans? Yes ( ) No ( ).

b) If yes, how many years do they cover?

- a) 1 - 5 years
- b) 6 - 10 years
- c) More than 10 years
- d) Other, please specify \_\_\_\_\_

4. a) Have you reviewed your plans since the inception of the organization? Yes ( ) No ( )

b) If yes how often?

- a) Quarterly
- b) Annually
- c) Bi-annually
- d) Every 3 years
- e) Other, please specify \_\_\_\_\_

5. Who formulates strategies in your organization?

- a. Executive Director /CEO
- b. Top management
- c. All employees participate
- d. Consultants
- e. Development partners

**PART C**

1. a) Does your organization have annual objectives? Yes ( ) No ( )

b) If yes, how are they set?

- I.) By Board of Directors
- II.) By top management
- III.) Heads of Department
- IV.) Through participation of all employees
- V.) Development partners' policies

2. a) Does each department in your organization have functional strategies?

Yes ( ) No ( ).

b) If yes, where are they derived from?

- I.) Company's strategic plan
- II.) Client feedback
- III.) Management meetings
- IV.) Development partners' directives
- V.) Other, please specify \_\_\_\_\_

3. When were the functional strategies above last reviewed?

- a) 0 - 5 years
- b) 6 - 10 years
- c) Have never been reviewed
- d) Other, please specify \_\_\_\_\_

4. Do you change the organization policies when new strategies are formulated? Yes ( ) No ( ).

5. Does the organization refer to the strategic plans when planning to execute its activities?

- a) Always
- b) Very often
- c) Occasionally
- d) Rarely
- e) Not at all

6. Do the current policies adequately support the organization's Strategic plan? Please circle the choice that best describes the status. Use the 5 point scale where 5 = very adequate, and 1 = not at all.

1 2 3 4 5

Please explain your answer.

---

---

#### PART D

1. Use a 5 point scale to rate the extent to which each of the following processes has been effectively used in strategy implementation within your organisation. 1 = no effect at all, and 5 = very effective. Circle as appropriate.

- a) Direct Supervision 1 2 3 4 5
- b) Planning and control systems 1 2 3 4 5
- c) Performance Targets 1 2 3 4 5
- d) Market Mechanisms 1 2 3 4 5
- e) Social/Cultural Processes 1 2 3 4 5
- f) Self control and Personal motivation 1 2 3 4 5

2. Please answer the following questions by ticking in the box that best describes the extent to which each of the stated organizational factors has contributed to successful strategy implementation. Use a 5 point scale where 5 = very successful, and 1 = not at all.



- b) Training each employee thoroughly 1 2 3 4 5
- c) Encouraging employees to use own initiative and creativity 1 2 3 4 5
- d) Setting reasonable performance targets 1 2 3 4 5
- e) Granting employees autonomy to stand out and excel 1 2 3 4 5

**PART E**

Use the 5 point scale to rate how you find each of the environmental factors below impacting on strategy implementation in your organization. 5 = very great impact, and 1 = no impact at all. Tick as appropriate

	NO IMPACT AT ALL				VERY GREAT IMPACT
	1	2	3	4	5
1. Economic factors					
2. Political factors					
3. Socio-cultural factors					
4. Technological factors					
5. Threat of new entrants					
6. Bargaining power of suppliers					
7. Bargaining power of buyers					
8. Threat of substitute products/ services					
9. Rivalry among existing organizations					
10. Competitors					
11. Creditors					
12. Customers/clients					
13. Labor market					
14. Suppliers					

**PART F**

1. In your view, how do you rate the seriousness or magnitude of each of these problems in the implementation of the documented strategies in your organization? Use the 5 point scale where 5 = very serious, and 1 = no effect at all.

	NO EFFECT AT ALL 1	2	3	4	VERY SERIOUS 5
1. Poor leadership style					
2. Wrong organizational structure					
3. Un-supportive organizational culture					
4. Lack of financial resources					
5. Insufficient human resource skills					
6. Inadequate physical resources					
7. Inadequate technical know-how					
8. Wrong strategy choice					
9. Limited information technology capacity					
10. Development partners interference and regulations					
11. Poor management of resources					
12. Global trends in the NGO sector					
13. Government interference and regulations					
14. Lack of a clear responsibility being fixed for implementation					
15. Inactive role played by key formulators of the strategic decision					
16. Key implementation tasks and activities not sufficiently defined					
17. Overall goals not sufficiently well understood by employees					
18. Uncontrollable factors in the external environment					
19. Surfacing of major problems which had not been identified earlier					
20. Advocates and supporters of the strategic decision leaving the					

Organization during implementation					
21. Failure to predict implementation time and problems likely to be encountered					
22. Resistance from lower levels					
23. Lack of stakeholder commitment					
24. Lack of feedback on progress					
25. Lack of senior management support					
26. Inadequate information and communication systems					
27. Lack of a link between reward systems and strategic performance					
28. Unexpected commitments and activities that are distractive, and result to diversion of the resources already been planned for					
29. Insufficient flexibility of strategy					

Others (specify and rate)

_____	1	2	3	4	5
_____	1	2	3	4	5
_____	1	2	3	4	5
_____	1	2	3	4	5

2. In your opinion, how do you rate the level of the organization's determination in implementing the documented strategies? Use the 5 point scale where 5 = highly determined, and 1 = not determined at all.

1	2	3	4	5
---	---	---	---	---

THANKING YOU IN ADVANCE FOR YOUR TIME AND ASSISTANCE