STRATEGY IMPLEMENTATION CHALLENGES FACED BY KENYA SHELL LIMITED

BY

REGINAH MUKUHI KINYUA

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT OF THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER, 2010
DECLARATION

This Management Research Project is my original work and has not been presented for a degree in any other University or institution for any other purpose.

Signed .................................. Date 16/11/2010

Reginah Mukuhi Kinyua
D61/71630/2007

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

Signed .................................. Date 16-11-2010

Dr. James Gathungu
Department of Business Administration
School of Business, University of Nairobi
DEDICATION

To my beloved family, Dad Geoffrey Kinyua and departed loving Mum Annastacia Muthoni for all your guidance, encouragement, dedication and support during my early stages of education.
ACKNOWLEDGEMENT

My foremost gratitude goes to God Almighty who renewed my strength at every single stage of doing this proposal.

I sincerely thank my supervisor Dr. James Gathungu for his invaluable input and time in guiding me thorough out the project and to all my lecturers throughout my MBA course at the University of Nairobi.

Special thanks to my family, friends, fellow students and colleagues at work especially those respondents who took their time to assist with information required to timely complete the interview guide despite their busy time schedules.

To my fiancée Vaati for moral support, encouragement during the MBA period of study and great patience has successfully seen me through my project.
ABSTRACT

Strategy formulation and development is the development of long term plans for the effective management of opportunities and threats in light of the organization’s strengths and weaknesses. On the other hand strategy implementation is the process that turns implementation strategies and plans into actions to accomplish objectives. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. The process must have the blessings of all interested parties and the top management should play a leading role in the exercise. The general objective of this study was to investigate the strategy implementation challenges at the Kenya Shell Limited. More specifically, the study sought to: analyze strategy implementation process at the company and identify factors that affect its strategy implementation. Content analysis was used to analyze the qualitative primary data, which had been collected by conducting interviews and secondary information from the organization.

The findings from the study suggest that the organization had developed strategies which were geared towards accomplishment of the organizations objectives. Involvement of employees in strategy formulation was the main reason for the slow implementation of strategies. The other major challenges faced by the organization in implementing its strategies were cited as; non commitment of senior staff and employees in general to commit themselves to support a new strategic plan given the start to its completion including review and supporting its recommendation, change the strategy mid-stream to suit their focus, Inadequate analysis of progress being made us planned, financial
constraints, lack of implementation continuity if a staff leaves due to absence of project operational manuals, duplication of activities and reporting over the same activities which calls for effective design of the programmes.
ABBREVIATIONS

AMREF - African Medical Research Foundation
BP - Beyond Petroleum
CEO - Chief Executive Officer
CMC - Cooper Motor Corporation
KPIs - Key Performance Indicators
KSL - Monitoring and Evaluation
M & E - Multinational Companies
MNC - Multinational Companies
SOPAF - Shell Oil Products Africa
LIST OF TABLES

Table 4.1: Frequency of feedback on strategy implementation ................................... 29

Table 4.2: Employees knowledge towards divestment process .........................31

Table 4.3: Staff to implement corporate strategy .................................................32
LIST OF FIGURES

Figure 2.1: Conceptual Framework ............................................. 22

Figure 4.1: Response rate ............................................................ 26

Figure 4.2: Employees consideration ............................................. 28
# TABLE OF CONTENTS

Declaration ................................................................................................................................. ii  
Dedication ................................................................................................................................. iii  
Acknowledgement .................................................................................................................... iv  
Abstract ...................................................................................................................................... v  
Abbreviations .......................................................................................................................... vii  
List of tables ........................................................................................................................... viii  
List of figures ............................................................................................................................ ix

**CHAPTER ONE: INTRODUCTION** .................................................................................. 1  
1.1 Background ............................................................................................................................ 1  
1.1.1 Strategy Implementation ................................................................................................... 2  
1.1.3 Kenya Shell Limited ....................................................................................................... 5  
1.2 Statement of the Problem .................................................................................................... 6  
1.3 Research Objective .............................................................................................................. 8  
1.4 Significance of the Study ..................................................................................................... 8

**CHAPTER TWO  LITERATURE REVIEW** ................................................................. 10  
2.1 Introduction ............................................................................................................................ 10  
2.2 Concept of Strategy Implementation ................................................................................ 10  
2.3 Factors influencing strategy implementation ..................................................................13  
2.4 Overcoming strategy implementation challenges ............................................................16  
2.5 Related Studies ...................................................................................................................20  
2.6 Conceptual Framework ......................................................................................................21
Appendix I: Letter of Introduction ................................................................. 50
Appendix II: Authorization Letter ................................................................. 51
Appendix III: Interview guide ....................................................................... 52
CHAPTER ONE: INTRODUCTION

1.1 Background

The economic landscape is changing, as new players with new business concepts and organizational designs are gaining ground, and globalization, trade liberalization and regional integration are leading to a redefinition of the geographic location of economic activities. This process is inherently international, leading to company reconfiguration, in terms of value chains, and new patterns of activities carried out abroad. In this business context, divestment is recording an increasing trend (Padmanabhan, 1993).

One of the prime concerns for strategic management, as a field of inquiry is the phenomenon of strategic adaptation of firms, i.e., how firms achieve a proper ‘fit’ with the environment through changes in strategy (Summer et al., 1990; Zajac, Kraatz and Bresser, 2000). During the past two decades, a number of African countries Kenya included have moved from an insular command and plan oriented economy towards increasingly liberalized and market oriented economy. With a history of a planned oriented institutional framework, the economic transformation in some of these countries presents a unique business environment for firms that operated in these economic set ups (Bresser, 2000).

Khandwalla (1977) states that with the changes in the business environment, various challenges, constraints, contingencies and opportunities will affect firms in such set-up experiencing the changes. One of the most prominent effects that have come with liberalization of the economies is the intense level of competition that firms experience.
As a consequence of these, some of the firms have made strategic moves to divest from the region and consolidate their business in other parts of the world where they believe to have a competitive edge. Divestment is a serious process that is bedeviled by many challenges. It is typically costly, traumatic, embarrassing, resisted by governments and employees, trade unions and public opinion.

The impact of divestment has also been felt on growth, employment and labor-capital relations. In the context of a divesting firm, a big challenge comes in the form of implementation of the organizational strategies during the divestment period. The development and implementation of strategies by an organisation to chart the future path to be taken will enhance the competitiveness of such firms operating in a competitive environment. However, for the firm that is in the process of divesting, development of strategies and more importantly its implementation in the very uncertain environment that comes with divestment brings about challenges in the implementation phase of a firm.

1.1.1 Strategy Implementation

The concept of strategy embraces the overall purpose of an organization. It is the determination of the basic long-term goals and objectives of an enterprise, adoption of courses of action and the allocation of resources necessary for carrying out those goals. The Kenya firms, like any other firm, exist in a complex environment that needs to be assessed and responded to appropriately. Gole (2005) describes strategic management as a process directed by top management to determine the fundamental aims or goals of the organization, and ensure a range of decisions that will allow for the achievement of those aims or goals in the long-term, while providing for adaptive responses in the short-term.
The three core areas of corporate strategy: strategy analysis, strategy development and strategy implementation. Strategic analysis deals with examining the environment within which the organization operates. Strategy implementation is the process of allocating resources to support an organization’s chosen strategies. This process includes various management activities that are necessary to put strategy into motion and institute strategic controls that monitor progress and ultimately achieve organizational goals. Strategy evaluation includes review of external and internal factors that are bases for strategies formulated, measuring performance and taking corrective action, if necessary. This is important as all strategies are subject to future modification depending on environmental turbulence (Robbins and Coulter (1996).

According to Golc (2005), strategy implementation is the most complicated and often is the determinant of how successful the overall organizational strategy would be. This process is normally assigned to executives who have the skills and talent to handle and can be counted on to turn decisions and actions into results to meet established targets. Due to the constant unpredictability of the business environment and more so in a firm undergoing major divestment with diverse stakeholders to be satisfied, strategy implementation becomes even more challenging.

Duhaine and Grant (1984) defined corporate divestment “as a firm’s decision to dispose of a significant position of its assets”. Divestment is thus equated to the dismantling of an ownership position (Vale, 2001). Divestment does not entail the end or liquidation of the divested company: this may continue active, though under different ownership. Company
Restructuring, new sourcing policies and increased global competition weaken the linkages between multinational companies (MNCs) and investment locations, raising the old branch-plant syndrome again (Pike, 1998; Hudson, 2003). In the current business environment cost and rationalization driven investments are much more mobile than traditional market-seeking investments.

There are several factors that have lead to divestment of multinational firms in the local set up. First, the competitive challenges faced by these firms where competitive pressures and change are less strong, and hence restructuring probability and therefore divestment is lower. Industry’s core competencies may also have a bearing on divestment moves: for instance, if core competencies are locally embedded, and the MNC needs to orchestrate tacit competencies held by specific subsidiaries, divestment will become less probable. Innovation trajectories are also relevant: low technology intensive, marketing-driven industries, where a divide between functional competencies exists, are more amenable to divestment, although it may be argued that the probability of international restructuring is also high.

There are different ways of divestment, including management buyouts, negotiated sales to private firms, and public offers in the form of stocks or investment funds. Public offers are a means to allow wider participation by the public as small investors and to stimulate financial market development. Irrespective of the form of divestment, companies undertake divestment to improve their strategic, organizational and financial performances (Johnson, 1996). Schipper and Smith (1996) further argued that firms
undertake divestment to extend their frontiers of their corporate capabilities, and to discover additional synergies. In some other cases, divestment can maximize the firm’s equity values of the parent and divested unit, and this sum will be greater than the value of the joint organisation in the absence of a divesture (Chemmanur and Yan, 2004).

In the case of Shell, the divestment from the Africa region was due to what the management considered to be a move to pursue investment opportunities in Africa that fit only with its 'more upstream, profitable downstream' strategy.

1.1.3 Kenya Shell Limited

Kenya Shell Limited (KSL) is a subsidiary of the Royal Dutch Petroleum company that has its headquarters in Amsterdam-Holland. The firm established its foothold in Kenya in 1900 with operations in Mombasa and Zanzibar. In 1928, a consolidated petroleum company was formed to handle joint operations and products of Shell and BP in several countries in Asia and Africa. In 1961 however, the consolidated arrangement was dissolved and operations were taken over by newly formed companies namely, KSL and BP Kenya Ltd on a 50/50 ownership under the management of KSL. In 2007, Shell bought out the BP interests in the joint venture to make KSL a 100% owned subsidiary of Shell international. The Shell Company in Africa is managed under one Umbrella Company called Shell Oil Products Africa (SOPAF) subdivided into four regions namely East, West, South and North. KSL falls under East region.

Over the years, KSL has attained exemplary performance, investing in over 100 retail service stations whereas in the commercial channel, it is one of the leading suppliers in
the country’s Power, Manufacturing, Construction, Transport and Agricultural sectors. In reseller channel, the company is a leader in distribution of motor gasoline, lubricants and liquefied petroleum gas (LPG) in addition to being a supplier of aviation fuels, marine fuels and oils as well as bitumen products in Kenya. The organization owns large terminals in Mombasa, Nairobi and Kisumu, aviation depots in Jomo Kenyatta International Airport, Moi International Airport, Wilson Airport, Kisumu and Malindi Airports in addition to a lubricating oil blending plant in Mombasa.

The divestment step made by the parent company, according to the firm’s régional office SOPAF is consistent with Shell’s strategy to concentrate on global downstream footprint into fewer, and larger markets and it follows a number of similar reviews and divestments in other parts of the world. In Africa, the firm plans to divest from 19 African countries: Morocco, Algeria, Tunisia, Egypt, Cote d’Ivoire, Burkina, Ghana, Togo, Senegal, Mali, Guinea, Cape Verde, Kenya, Uganda, Tanzania, Botswana, Namibia, Madagascar, Mauritius and La Reunion. However, the firm shall still operate in other African countries including Nigeria, Egypt, Gabon, Libya, Cameroon and Tunisia.

1.2 Statement of the Problem

Implementing strategy is tougher and more time consuming than crafting strategy. Many organizations have formulated excellent strategies but have not achieved excellent results due to poor strategy implementation. Strategy implementation involves change as organizations and their environment are constantly changing. Implementation programmes vary according to the nature of the strategic problems that the organization
faces. These problems include unanticipated market changes, effective competitor responses, application of insufficient resources, lack of distinctiveness and timeliness, lack of focus and poor business models. The challenge of strategy implementation is even more pronounced in firms which are moving from one region to another and they have to meet the requirements of various stakeholders ranging from regulatory authorities, governments, shareholders, employees and the parent governments.

There are several local studies that have been done in Kenya regarding strategy implementation challenges in various firms. Koske (2003) studied strategy implementation and its challenges in public corporations, a case of Telkom Kenya. He found that the major challenges faced by the firm were poor management and lack of resources, poor leadership style, and lack of financial resources, limited IT capacity, government regulations and unsupportive culture. In the period that the research was being conducted, the organisation was undertaking various changes due to the liberalisation of the Kenyan Telecommunication sector during the same period.

A study by Aboud (2007) focused on the challenges facing the implementation of strategy for revitalizing agriculture (SRA). The findings of the study from most challenging to least challenging were: inadequate staff motivation, poor understanding of SRA by stakeholders and low acceptability of the strategy. During the period the researcher was undertaking the studies, the government was undertaking a deliberate measure to revitalise the agricultural sector after several years of decline. Thus many challenges have been witnessed by the sector in the implementation of its strategies and
thus will equally have similarities to the study being undertaken. As observed from mentioned studies conducted on strategy implementation, the strategic implementation challenges that a firm in the process of divesting faces has not been undertaken. This research will therefore seek to identify challenges faced in the implementation of strategic plan at the KSL. This problem statement therefore leads to the following question: what are the challenges faced in the implementation of strategic plan by KSL?

1.3 Research Objective

To determine the strategy implementation challenges experienced by Kenya Shell Ltd during strategy process.

1.4 Significance of the Study

The study will aid various stakeholders like foreign firms in the country will obtain details on how they can be able to effectively implement their strategies in the face of challenges during a changing environment and the details of responses to the challenges will help the firms experiencing similar challenges. In addition, the study will be an invaluable source of material and information to many local firms that have opened branches in foreign countries and would wish to migrate from such countries. Investors can also gain an insight on the business and its strategic position within the environment, which can assist them in determining their viability of their investments. The study will provide useful information to multinational companies in Kenya of the same size to design supportive and effective methods that are geared to improving their strategy implementation.
The government and regulators in the financial sector will also find invaluable information on how good strategies can be adopted and as a result put in place policies that will guide and encourage other firms within and outside the industry in implementing their strategies. For researchers, this study will form the foundation upon which other related and replicated studies can be based on in addition to provide information to future scholars wishing to research on strategy implementation challenges in multinational oil companies in Kenya.
CHAPTER TWO  LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature available on strategy implementation, strategy implementation challenges and ways or methods of overcoming the challenges. Empirical studies in these areas were also reviewed.

2.2 Concept of Strategy Implementation

Strategy implementation is one of the important components of strategic planning process. Chandler (1962) defined strategy as the determination of the basic long-term goals and objectives of an enterprise and the adoption of action and the allocation of resources necessary for carrying out these goals. This means that strategy is about managing new opportunities. The strategy that is chosen should be one that optimizes the resources available in order to achieve organizational goals and objectives. Strategy implementation has been defined as “the process that turns implementation strategies and plans into actions to accomplish objectives” (Pride and Ferrell 2003, pg 45). It addresses who, where, when, and how to carry out strategic implementation process successfully (Kotler et al. 2001; Kotler et al. 1994). Pride and Ferrell (2003) define strategy implementation as “the process of putting strategies into action”.

According to David (2003), both managers and employees should be involved in the implementation decision and adequate communication between all parties is important for successful implementation. Elements that require consideration during the implementation process include resource allocation, annual objectives, policies,
organization structure, management of conflict and resistance to change (David 2003). In developing policies during the implementation process, methods, procedures, rules, forms, and administrative practices are established. Bartlett and Ghoshal (1987) noted that in all the companies they studied "the issue was not a poor understanding of environmental forces or inappropriate strategic intent. Without exception, they knew what they had to do; their difficulties lay in how to achieve the necessary changes". Supporting this, Miller (2002) reports that organizations fail to implement more than 70 percent of their new strategic initiatives. 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 (Hussey, 1998; Lorange, 1998; Wilson, 1994).

There are some commonly used models and frameworks such as SWOT, industry structure analysis and generic strategies for researchers and practicing managers in the areas of strategy analysis and formulation in strategic management. By contrast, there is no agreed-upon and dominant framework in strategy implementation. Concerning this, Alexander (1991) states that one key reason why implementation fails is that practicing executives, managers and supervisors do not have practical, yet theoretically sound, models to guide their actions during implementation. Without adequate models, they try to implement strategies without a good understanding of the multiple factors that must be addressed, often simultaneously, to make implementation work.

Noble (1999), further noted that there is a significant need for detailed and comprehensive conceptual models related to strategy implementation. To date,
implementation research has been fairly fragmented due to a lack of clear models on which to build. He argues that if a firm’s strategy is implemented well, several benefits will be derived by an organisation. These benefits include proper utilization of both financial and human resources and thus enhance organizational growth, development of efficient systems. It in turn will enhance coordination that would guarantee achievement of organizations goal and set targets, increased organizational impact due to improved organizational performance. It will also enable the organisation to have a clear focus and direction in its growth path and in the process attract competent and resourceful human resource base.

Alexander (1991) argued that one key reason why implementation fails is that practicing executives, managers and supervisors do not have practical, yet theoretically sound, models to guide their actions during implementation. Without adequate models, they try to implement strategies without a good understanding of the multiple factors that must be addressed, often simultaneously, to make implementation work. Noble (1999) further supported it and noted that there is a significant need for detailed and comprehensive conceptual models related to strategy implementation. To date, implementation research has been fairly fragmented due to a lack of clear models on which to build on.

Conclusively implementation framework is yet to be developed, this further indicates the knowledge gap in the field and hence the need for this study. Previously there have been attempts by scholars to design implementation framework such as Waterman et al (1980), Stonich (1982), Alexander (1991), Judson (1995), Miller and Dess (1996) and Thomson and Strickland (1999) among other scholars. Whereas there are similarities on factors
necessary for effective strategy implementation, there are differences in meanings and number of critical factors.

2.3 Factors influencing strategy implementation

Formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. Just as the strategy of the organization must be matched to the external environment, it must also fit the multiple factors responsible for its implementation (Bateman & Zeithaml, 1993; David, 1997). According to Jones and Hill (1997), implementation of strategy is a way in which a company creates the organizational arrangement that allows it to pursue its strategy most effectively. Successful strategy implementation therefore, (David 1997) must consider issues central to its implementation, which include, matching organizational structure to strategy, creating a supportive organizational culture among other issues.

Organization should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted (Lorsch, 1967). Thompson and Strickland (1980) argue that strategy implementation involves working with and through other people and institutions of change. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Structure according to Thompson (1997), is the means by which the organization seeks to achieve
its strategic objectives, implement strategies and strategic changes. The structure of an organisation is designed to breakdown how work is to be carried out in business units and functional departments.

Owen (1982) agrees that strategy and structure need to be matched and be supportive of each other in order to achieve objective set. The structure helps an organization identify its activities and the way in which it will coordinate them to achieve the firm’s strategic objective. It also provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm’s capacity to achieve superior efficiency, quality, innovation and customer responsiveness (Pearce & Robinson, 2007).

Organizational culture is a set of assumptions that members of an organization share in common (shared beliefs and values). Implementation of new strategy will be concerned with adjustments in the structure, employees, systems and style of doing things in order to accommodate the perceived needs of the strategy (Pearce and Robison, 2007). Weihrich & Koontz (1993) look at culture as the general pattern of behaviour, shared beliefs and values that members have in common. Culture can be inferred from what people may do and think within an organization setting. It involves the learning and transmitting of knowledge, beliefs and patterns of behaviour over time. This means organizational culture is fairly stable and does not change fast. It sets the tone for the company and establishes rules on how people should behave. The top managers create a climate for the organizations and their values influence the direction of the firm.
Organizational structure on its own is not sufficient to ensure successful implementation of a strategy, effective leadership and management is required. Bateman and Zeithaml (1993) define a leader as one who influences others to attain goals. Leaders have a vision and they move people and organizations in directions they otherwise would not go. In a competitively chaotic environment, one essential contribution of a strategic leader is to provide and share a clear vision, direction and purpose for the organization (Thompson, 1997). Leadership is the key to effective strategy implementation. The role of the Chief Executive Officer (CEO) is fundamental because a CEO is seen as a catalyst closely associated with and ultimately is accountable for the success of a strategy. The CEO’s actions and the perceived seriousness to a chosen strategy will influence subordinate managers’ commitment to implementation. The right managers must also be in the right positions for effective implementation of a new strategy (Jones and Hill, 1997). Top management goodwill and ownership to drive the process is also critical to effective implementation of strategy. According to Thompson (1997) the strategic leader must direct the organization by ensuring that long term objectives and strategies have been determined and are understood and supported by managers within the organizations who will be responsible for implementing them.

The execution of a strategy depends on individual members of organization especially key managers. Motivating and rewarding good performance for individuals and units are key success factors in effective strategy implementation (Shirley, 1983). According to Cummings and Worley (2005), organizational rewards are powerful incentives for improving employee and work group performance. It can also produce high levels of
employee satisfaction. Reward systems interventions are used to elicit and maintain desired levels of performance. To the extent that rewards are available, durable, timely, visible and performance contingent, they can reinforce and support organizational goals, work designs and employee involvement.

Reward system should align the actions and objectives of individuals with objectives and needs of the firm's strategy. Financial incentives are important reward mechanisms because they encourage managerial success when they are directly linked to specific activities and results. Intrinsic non-financial rewards such as flexibility and autonomy in the job are important managerial motivators. Negative sanctions such as withholding of financial and intrinsic rewards for poor performance are necessary to encourage managers' efforts (Pearce and Robinson, 2007, Thompson et al, 2007).

2.4 Overcoming strategy implementation challenges

Despite the importance of strategy implementation, some managers mistake the implementation of strategy as an after thought (Grundy, 1998). Studies undertaken by Alexander et al (2001) observed that most strategic literature is on strategy formulation and this they argued, is an indicator of the emphasis placed in the formulation phase in strategic planning. To resolve this, Grundy (1998) suggests that strategic planning should accomplish its own shift of emphasis by moving from 90:10 concerns on strategy formulation relative to implementation to a minimum of 50:50 proportions with it. To overcome and improve challenges in strategy implementation, Adreas (2005) suggests that the following steps discussed below should be undertaken.
The most important thing to understand is that strategy implementation is not a top-down-approach. The success of any implementation effort depends on the level of involvement of middle managers. To generate the required acceptance for the implementation as a whole, the affected middle managers’ knowledge (which is often underestimated) must already be accounted for in the formulation of the strategy. Then, by making sure that these managers are a part of the strategy process, their motivation towards the project will increase and they will see themselves as an important part in the process (Adreas, 2005). Unfortunately, in practice, managers and supervisors at lower hierarchy levels who do have good and wide knowledge are seldom involved in strategy formulation. When they are, however, the probability for realizing a smooth targeted and accepted strategy implementation process increases substantially, Kaplan and Norton (2001). To involve employees is an important milestone to make strategy everyone’s everyday job. That is why the involvement of middle managers is essential to increase the general awareness of the strategy (Miniace and Falter, 1996).

Another important factor when implementing a strategy is the top management’s commitment to the strategic direction itself. This is undoubtedly a prerequisite for strategy implementation (Kubinski, 2002). Therefore, top managers must demonstrate their willingness to give energy and loyalty to the implementation process. This demonstrable commitment becomes, at the same time, a positive signal for all the affected organizational members. To successfully improve the overall probability that the strategy is implemented as intended, senior executives must abandon the notion that lower-level managers have the same perceptions of the strategy and its implementation,
of its underlying rationale, and its urgency. Instead, they must believe the exact opposite. They must not spare any effort to persuade the employees of their ideas (Kubinski, 2002). Traditional strategy implementation concepts generally over-emphasize the structural aspects and reduce the whole effort down to an organizational exercise. It is dangerous, however, when implementing a new strategy, to ignore the other existing components (Alexander, 1985).

Strategy implementation requires an integrative point of view. Not only the organizational structure, but cultural aspects and the human resources perspective are to be considered as well. An implementation effort is ideally a boundary less set of activities and does not concentrate on implications of only one component, e.g. the organizational structure. It is of great importance to integrate soft facts as well in the reflection of the implementation process. It is the consideration of soft and hard facts together that ascertains that cultural aspects and human resources receive at least the same status as organizational aspects. Altogether, such an integrative interpretation allows an important scope of development for implementation activities (Kubinski, 2002).

One of the reasons why strategy implementation processes frequently result in difficult and complex problems or even fail at all is the vagueness of the assignment of responsibilities (Giles, 1991). In addition, these responsibilities are diffused through numerous organizational units. Cross-functional relations are representative of an implementation effort. This is indeed a challenge, because as already mentioned before organizational members tend to think only in their “own” department structures. This
may be worsened by over-bureaucracy and can thus end up in a disaster for the whole implementation (Guffey and Nienhaus, 2002). To avoid power struggles between departments and within hierarchies, one should create a plan with clear assignments of responsibilities regarding detailed implementation activities. This is a preventive way of proceeding. Responsibilities are clear and potential problems are therefore avoided.

The ability to manage change has shown to be a core competency for corporations. A great challenge within strategy implementation is to deal with potential barriers of the affected managers. Implementation efforts often fail when these barriers are underestimated and prevention methods are not adopted at the beginning (Thompson et al, 2007). One has to be aware that barriers against the implementation of the strategy can lead to a complete breakdown of the formulated strategy. The cause for these barriers is seen in affective and non-logical resistances, which are, in a way, incomprehensible because they come out of the subconscious of human beings (Donaldson, 1995). Barriers to implementing a strategy range from delay to outright rejection. However, this psychological point of view is often downplayed during discussions of implementation issues, even though it is becoming more and more obvious that strategy implementation consists, for the most part, of psychological aspects. By changing the way they view and practice strategy implementation, senior executives can effectively transform change barriers into gateways for a successful execution (Thompson et al, 2007).
2.5 Related Studies

Koske (2003), Strategy Implementation and Its Challenges In Public Corporations. The Case of Telkom Kenya Ltd found out that the major challenges faced by the firm were poor management and lack of resources, poor leadership style, and lack of financial resources, limited IT capacity, government regulations and unsupportive culture. He concluded that it was important for the company’s strategy to be in line with the structure, leadership, culture, resources and supportive systems.

Machuki (2005), Challenges to strategy implementation at Cooper Motor Corporation (CMC) objective of the study was to determine practises of strategy implementation used by CMC to implement its strategies and to establish the challenges encountered by CMC during the implementation process. Major challenges noted were namely: unsupportive structure and culture, unsupportive organizational structure and culture, staff and top management resistance to change, uncontrollable factors in the environment, inadequate resources, implementation taking too long than expected, unsupportive processes and procedures amongst others. Overall, the finding of the study was that most of the challenges affecting the multidivisional motor company was internal to the organisation.

Muthuiya (2004), Strategy implementation and its challenges in non-profit organizations in Kenya: the case of African Medical Research Foundation (AMREF) – Kenya. The objective of study was to find out how Amref-Kenya implements its strategies and the challenges faced in addition to find out factors that hinder effective strategy implementation. The study outlined major strategy implementation challenges
encountered by the organization were: inadequate resources, unsupportive organization culture, major obstacles surfacing during implementation, the implementation taking too long than anticipated and uncontrollable or unforeseen factors in the environment.

2.6 Conceptual Framework

The multinational companies (MNCs) characteristics aspects include the level of governance and organizational structure that have been put in place by firm. If the firm puts in place rigid structures that result to slow pace of reacting to emerging challenges, then the firm will face implementation challenges due to various forms of resistance. Corporate strategies adopted by firms may affect the phase of implementation as well. A firm adopting Porter (1980) cost and differentiation strategies might have different level of challenges in implementing the challenges. Appropriate organization structure, reward system, organizational culture, resources and leadership will affect strategy implementation. The level of competitive challenges faced by a firm in a particular industry will also influence the strategy implementation success of a firm.

In industries where competitive pressures and change are less strong, the probability of achieving success in implementing strategies will be high due to the more certainty of the business environment. Company restructuring, new sourcing policies and increased global competition weaken the linkages between MNCs and investment locations. Cost and rationalization driven investments are much more mobile than traditional market-seeking investments. When the bond provided by local market servicing is absent and local strategic, created assets are weak, investments are not lasting and hence a
multinational will opt to divest from such markets. The present local operating conditions will further increase the volatility of many foreign firms. This is because, environmental factors impacting on the firm’s operating condition will equally determine the divestment strategies adopted.

Fig 2.1 Conceptual Model

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi National Company</td>
<td>Strategy implementation challenges in</td>
</tr>
<tr>
<td>Corporate Strategies</td>
<td>divesting firm</td>
</tr>
<tr>
<td>Industry competition</td>
<td></td>
</tr>
<tr>
<td>Extent of regional and local</td>
<td></td>
</tr>
<tr>
<td>spread</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher, 2010
CHAPTER THREE RESEARCH METHODOLOGY

3.1 Introduction

This chapter is focused on research design methods of data collection and seeks to describe the methods that have been used to collect the data, sample size, data collection instruments and procedures.

3.2 Research Design

The study was modeled on a case study design. A case study is a powerful form of qualitative analysis and involves careful and complete observation of a social unit be it a person, family, cultural group or an entire community and/or institution. The study focused on strategy implementation challenges at KSL. The results are expected to provide an insight in understanding how the company responds to the strategy implementation challenges.

3.3 Data Collection

The study used both primary and secondary data; these were collected through a face-to-face interview with the researcher as well as company publication and briefings. An interview guide comprising of both open-ended and closed questions covering issues on strategy implementation and its challenges in KSL was used and deduced possible influence it has had on the success of the organization. The respondents interviewed were those involved with formulation and implementation of organization’s strategies.
The researcher held in-depth interviews with three senior and four middle level managers of KSL charged with implementation of the strategic plans. These were considered to be key informants for the research. The respondents identified above were involved in the formulation and operationalisation of the firms’ strategic plans and thus were considered to provide valuable information for this research. The results obtained provided an insight in understanding how the company responds to the strategy implementation challenges in its strategic planning.

3.4 Data Analysis

Being a case study, the data that was collected from the interviewees was qualitative in nature and was analyzed by use of content analysis techniques. This method proved useful as it assisted in making inferences by systematically and objectively identifying specific messages and then relating them with their occurrence trends, describing the phenomena and how the concepts interconnect as indicated by the responses. The researcher went through the responses from the interview guide and analyzed their commonality of the themes presented. The responses of interview transcripts were analyzed to determine the frequency of specific response or ideas. The common themes or issues that emerged were classified by coding all relevant content material obtained and results interpreted by summarizing the data using tables and pie charts then patterns and relationships were reviewed. Inferences were presented in prose form in accordance with the research objective.
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

The research objective was to establish the strategy implementation challenges experienced by Kenya Shell Ltd during its strategy process. This chapter presents the analysis and findings with regard to the objective and discussion of the same.

4.2 Data Analysis and Findings

The respondents comprised top management of Kenya Shell Ltd. In total, the researcher interviewed seven respondents as intended to be interviewed in the research design. Two of the targeted to be interviewed respondents were not available during the interview period with one of them having gotten a new job while the other one was away outside the country during the interview period. As a result the response rate realized was around 78%. The respondents comprised two members each from Sales and Business Development departments and one member of staff each from Information Technology (IT), Human Resources and Operation departments.
Figure 4.1 presents the response rate of respondents who were interviewed compared to the target respondents.

**Figure 4.1: Response rate**

![Response rate chart]

Source: Researcher (2010)

This group of the respondents was found to have the necessary knowledge on the strategy implementation challenges that the organisation faces in implementing its strategies. All of the respondents interviewed had university degrees with four of them having a further second degree. In addition, all of the respondents, representing 100%, had worked in the organisation for over three years. One observation made from the results of the interview was that all of the respondents, representing 100%, had been asked whether they would wish to change their current jobs and they all indicated yes. However, it was also a positive realization that the respondents were found to be an invaluable source of information for the research. When these groups of respondents are combined with the other group that had worked in KSL even before the divestment process commenced, the respondents were found to be knowledgeable on the subject matter of the research and thus helped in the realization of the research objective.
4.2.1 Strategy Formulation process at KSL

In this section, the respondents were to give their independent opinion on what they considered to be the organization’s strategy development process. The respondents in totality agreed that the strategy development of a firm, among other factors is concerned with carrying out situation analysis that leads to setting of objectives. The organization’s vision and mission statements will in most cases be the guiding factor in the development of the strategies. The respondents noted that organizational strategy is very important to an organization as it assists the organization to know what they are supposed to do, at what time and thus helps in achieving its objectives.

Survival in the market, market share gain, profitability, product and market differentiation are very important goals in any organisation. As a result, a policy guide towards the achievement of these would be important. In the case of Kenya Shell Ltd, the organisation made its strategies once a year and the approach used normally top-down though in some cases bottom-up approach was adopted depending on the circumstances. They respondents gave an example that during the current divestment plan of the firm locally, employees have given out their suggestions, which are yet to be implemented, but instead the organization’s headquarters is controlling the divestment process. One of the respondents argued that the duration taken for strategy formulation and development varied on business impact e.g. operation, profitability, health and safety that the strategy had on the business.
Figure 4.2 presents the percentage of employees input considered by KSL’s management during its strategy implementation process.

**Figure 4.2: Employees consideration**

![Employees consideration chart]

**Source: Researcher (2010)**

The respondents agreed that not all of the KSL’s employees were involved in strategy development though they will be tasked with the implementation of the approved strategies. Four of the respondents, representing 80%, noted that at least input of the majority of the employees will be desirable in developing a strategy because their input is needed to ensure that they do not sabotage the carrying out of the strategy. Because KSL is a multinational firm, two of the respondents reported that the global strategy is developed at the headquarters level and the local organisation merely implements them. It was noted that the senior managers of the organisation participated in the strategy formulation and implementation to a very great extent. The employees of an organization, being an important stakeholder should be taken care of and their interest considered adequately. An organization’s employees are the one who carry out the task of implementing the approved strategies of the organization and therefore, their
commitment to ensuring that the strategies approved succeed depends on whether the employees were involved during designing of the strategies.

Feedback on organization’s strategy performance varies from one organization to another. However, the respondents identified quarterly feedback as the period that they got back the results of the strategy or on any deviation experienced. An organization strategy determines the level of success that an organization will achieve and therefore the management should ensure that the strategies they suggest inspire staff to strive to achieve greater heights. Alignment of organization’s strategies is aimed to eliminate or reduce goal conflicts between entities, maintain the same overall direction and focus, coordination of activities that span over several business entities or regions, minimize overlaps of strategy and redundant efforts.

Table 4.1 presents the number of times per year feedback on strategy implementation was received by employees in KSL.

**Table 4.1: Frequency of feedback on strategy implementation**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly</td>
<td>4</td>
<td>80.0</td>
</tr>
<tr>
<td>Annually</td>
<td>1</td>
<td>20.0</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: Researcher (2010)*

The implementation of any organisation strategy will only be successful if the employees who are the actual implementers participate fully in the process. This fact was reinforced by all the respondents, representing 100% of the respondents, who did indicate that one of the ways in which to motivate the employees to work to their best of ability in the strategy implementation process was to offer an attractive pay package. The respondents
stated that in the case of KSL, employee compensation and job security was documented in the Human Resource Policy Manual (HRPM). In their view, the salary was market driven and based on a commissioned yearly salary survey though the employees are responsible for their own performance. In this case, the respondents considered themselves fairly remunerated and implementation of the organization’s strategies was not going to be hindered by complains over salaries. Despite the organisation ability to offer competitive remuneration to staff, the respondents pointed out that they were not involved in the determination of the pay but at the same time the performance based package was largely transparent as each of the staff was responsible for their own results and the computation formula was well known to all. At the same time, the respondents noted that the ranking across the companies for salary benchmarking has largely remained in the hands of senior managers.

4.2.2 Divestment Strategy at KSL

A firm’s divestment process is a major strategic move by an organisation and comes ordinarily after many years of consideration of numerous factors. A move out of a country will always affect many stakeholders that deal with the firm and more so, the employees of the concerned company and the government. The employees of the company have a great stake in the divestment process especially in countries where unemployment rates are high. In this regard, a divesting company will have to factor in the interest of the group of the stakeholders.
In the case of KSL, all the respondents noted that the company’s move to divest came not from the government’s influence but due to global re-alignment of the parent company’s business globally. Increased competition in the local market from a number of independent oil dealers has lead to diminishing margins of the company’s once huge profits and this could have led to the drop in profits and hence the desire of the parent company to relocate to other regions. At the same time, the parent Shell Company has planned to divest in a number of African countries and retain its operations where it has a sizeable market share.

Due to the procedure adopted in the implementation of the divestment move by the company, the strategy has faced a number of implementation challenges due to what the employees feel was some underground moves that did not involve them. As a result, the strategic move has faced numerous legal challenges that have slowed down the process. Table 4.2 represents percentage of employee awareness about the KSL’s divestment plan and process.

Table 4.2: Employees knowledge towards divestment process

<table>
<thead>
<tr>
<th>Knowledge of divestment</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Had no idea about divestment process</td>
<td>5</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher (2010)

All the respondents, representing 100% representation noted that, had the management come out early enough to let the employees know of the divestment strategic move and their interest catered for through representation in decision making, they would have
supported it to the fullest. However, in this particular case, the employees came to know of the parent’s company intended sale of the African businesses through media and this lead to the level of suspicion present in the strategic move.

4.2.3 Strategy Implementation process at KSL

Strategy implementation is one of the important components of the strategic planning process. Formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. While implementing the organization’s strategies, elements that require consideration during the implementation process include annual objectives, policies, resource allocation, management of conflict, organization structure, managing resistance to change, and organizational culture. Therefore, successful strategy implementation must consider issues core to its implementation, which include, matching organizational structure to strategy, creating a supportive organizational culture among other issues.

Table 4.2 represents satisfaction level by employee in relation to number of employees in KSL required to implement the organisation’s strategy.

Table 4.3: Staff to implement corporate strategy

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enough staff to implement corporate strategy</td>
<td>3</td>
<td>60.0</td>
<td>60.0</td>
</tr>
<tr>
<td>Not enough staff to implement corporate strategy</td>
<td>2</td>
<td>40.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher (2010)
The human element of strategic implementation plays a key role in successful implementation and involves both managers and employees of the organization. Both parties should directly participate in decision implementation and to this effect communication plays a key role in ensuring that this occurs. In the case of KSL, the respondents indicated that the organisation had over time reduced its workforce due to information technology automation process that was going however, the same has now come to affect the service delivery of the firm. However, three of the respondents, representing 60%, concurred that for purposes of implementing the corporate strategy, the firm currently has enough staff to carry out the strategy.

The strategies adopted and the implementation process to be followed in KSL has kept on changing with change in organization’s management, globalization of processes, response to business environment and any landmark events that affect business safety or integrity and business results. As a result of this, the respondents argued out that company has had to continuously change its strategy from time to time, which in some instances has led to the organisation not carrying out a particular strategy to accomplishment. On whether there exists an elaborate structure of accomplishing the organization’s strategies, the respondents had varied responses. 80% of the respondents indicated that the organisation was well placed to accomplish its strategies because of the elaborate structures in place. Business lines are also involved in regular business review meetings and actions agreed are measured. However, they noted that challenges do arise when some procedures are rolled-out from the global level and are not favorable to the local environment. The reaction to this varies with each line of business and its
leadership. Where the latter is a “Yes” person, such remain unchallenged and the consequences are borne by the business.

Business lines with strong leadership often challenge and offer local solutions that are then implemented. At the same time, 60% of the respondents reported that the organisation lacked elaborate and clear guidelines of implementing the strategies. However, the same respondents were quick to show that the organisation has been able to overcome this weaknesses through having frequent engagements with staff and putting in place a good and open feedback system from the staff through staff meetings and monthly wing’s staff meetings, weekly and monthly meetings between sales force of both Retail or Commercial departments with their respective lines.

The major issue at the center of strategy implementation process at KSL is it’s on-going divestment process. On being asked whether the current strategy of divesting is working for the good of the company, 100% of the respondents concurred that the firm’s move was not in line with their expectation. One of the respondents argued that prudence demands that where competition was stiff, a firm finds ways of remaining above the rest, running away damages credibility. In essence, there could be a backlash with regard to future entry. Further, they observed that with the entry of new entrants in the market from China, and their mode of operation, coupled with their technology and resources, opportunities for the future might be far and apart, notwithstanding the cost of re-entry. In addition, they argued that markets in the West are stagnating and African markets are growing. It would be hard to be for an exiting player to re-enter the market in the future.
The success of any strategy will depend on amount of resources that has been factored in its implementation. These resources range from human capacity, financial resources, effective organizational structure and a leadership team that is willing to implement the same strategy. One of the respondents pointed out that the organisation has offered technical back-up, market surveys, marketing tools, new products launches and promotion. However, they agreed that the global company's business principles, company core values, health, safety, security and environment issues influenced the allocation of these resources. These principles might at times not be in line with the appropriate local strategies and this slows down the strategic implementation response rate of the organisation. To ensure that the capacity of the firm to deal with emerging challenges now and in future is guaranteed, the organisation has continually offered training to the staff both from the internal and external consultants.

Implementation of strategies in most cases due to changes in assumption will have to change in order to adapt to the emerging challenges of the time. The Kenyan oil sector has experienced intense competition in the recent past and as a result organizations in the sector will have to change their strategies half way through. The respondents noted that in the case of KSL, the organization's strategy was aligned to tasks and targets (deliverables), which are weighted and this determines the priority. It is also a common practice to align the strategy and priority based on whether the intended business motive was short or long-term.
Performance measures usually used in KSL include: KPIs (Key Performance Indicators), operational excellence, customer service satisfaction, safety & environment; portfolio management; people issues; business turnover; gross margin against target, new business acquisitions, core values; group business principles, renewed business contracts, cost-to-serve against the market, legislated local and international benchmarks.

4.3 Challenges of implementing strategies at KSL.

Formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organization structure, reward system, organizational culture, resources and leadership. Just as the strategy of the organization should be matched to the external environment, it must also fit the multiple factors responsible for its implementation. KSL faces a number of challenges in implementing its strategies. All the respondents identified different factors that have hindered effective implementation of the strategy. These challenges ranged from: channel conflicts between various lines of business, mis-aligned targets with support functions, big brother syndrome by global business and attitude of teams.

Another important factor that was highlighted having affected the implementation of the strategy in KSL was the structure of the firm. An organisation should be structured in such a way that it can quickly respond to environmental pressure to change and pursue any appropriate opportunities which are spotted. The structure of an organisation is designed to breakdown how work is to be carried out in its various business units and functional departments. In the case of KSL, the respondents pointed out that due to the
major strategic moves being set in the organization’s parent company in Europe then its relaid to the country level, its response structure has been slow and in some cases lead to the loss of opportunities. It is therefore important that in designing the organizational structure and making it operational, key aspects such as empowerment and communication process are considered.

The execution of a strategy depends on individual members of organization especially key managers and the leadership that they offer. Motivating and rewarding good performance for individuals and units are key success factors in an effective strategy implementation. Organizational rewards are powerful incentives for improving employee and work group performance; it also creates high levels of employee satisfaction. The respondents mentioned that in the case of KSL, the managers have not been enthusiastic enough in implementing some of the organisation strategies and coming up with strategies to counter the challenges that the firm faces and this has in turn hampered their success. In a competitively chaotic environment, one essential contribution of a strategic leader is to provide and share a clear vision, direction and purpose for the organization. Leadership is the key to effective strategy implementation. A CEO’s actions and the perceived seriousness to a chosen strategy will influence subordinate managers’ commitment to implementation. Thus, right managers must be in the right positions for effective implementation of a new strategy.
4.4 Overcoming strategy implementation challenges

This section of the interview guide was aimed at identifying ways that are used by KSL in overcoming the challenges that were identified by the respondents above. The respondents did note that the organization had put in place myriad form of moves to counter the challenges.

The respondents confirmed that the organisation has initiated structured and standardized performance indicators (KPIs) and tracking tools that kept abreast all the staff concerned on how far they had achieved or deviated from the targets. These systems are felt to be fair and therefore supported by the staff. Staff engagements, open reporting system to the management, use of standard reporting templates (KPIs tools), setting up of project teams with well know reporting structures for accountability and implementation of various projects have been developed and managed by the same employees. In addition, embedding individual’s staff development requirements in the yearly appraisal have also been found to be effective in the process of providing the staff with the necessary tools for implementing the strategy. Another strategy identified to be in use by the organization as reported by the respondents was the process of having quarterly year reviews where outcomes against desired results are explained which involves business presentations by responsible staff, sharing of good practice, challenges and recommended actions. The short period of reviewing is meant to enable the organisation correct any deviation before a larger negative variance is realized. During such reviews it is appreciated that the strategies are not fixed and the industry’s behavior and government legislation may require hastened action that may have a bearing on the overall strategy.
The realization of the organization’s objective has been appreciated to depend on development of small teams and good leadership. Towards this end, the respondents argued out that during KSL’s lines of business Away - Days, mid yearly teams and leadership come together to discuss the business and draw lessons from past experiences and what could have been done differently and agree on the corrective way forward. For purposes of keeping on track on KPIs, there are monthly business review meetings where leadership seeks feedback on any support required by staff to take the business to the next level. Other mechanism used by the organization leadership team include clarifying goals, offering guidance to the staff reporting to them, encouraging good communication channels across various departments, setting up of clear reporting lines and strengthening team work.

Out sourcing, employee reward systems, supportive organization culture of diversity and inclusiveness, industry lobbying, review of non-strategic assets, staff expatriation, legal options have all been used by the organisation to overcome the strategy implementation challenge. In addition to improved communication through staff engagements, managing staff expectations, staff recognition and the use of specialized agencies to assist in implementation have also been in use. Teams that have delivered on their targets have been rewarded through such incentives as shopping vouchers and award of recognition certificates.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

From the analysis of the data collected, the researcher came up with the discussions, conclusions, and recommendations that are presented in this chapter.

5.2 Summary

The results centered on determining the strategy implementation challenges faced by KSL. In summary, the study shows that the organization has a strategic plan, which among others highlights the divestment plans of the company in some of the African countries. The organization communicates its strategic plans to the implementer in quarterly meeting where upon the progress is usually reviewed. In this way it assists the organization to amend the plan where it needs to be and also gives the organization a chance to know whether they are still within the implementation schedule. The shorter period is preferred to enable them determine areas where targets are not being met and make the necessary adjustments.

The organization strategy is clear and concise and can be understood by the employees though the organisation adopts a top-down approach in its development. As a result the employees felt that they need to be involved more by the top managers especially in strategies such as divestment, which affects them in their operations. As a result of the non-involvement of the employees in the development of the strategies, implementation of these strategies has faced challenges such that the staff is hesitant to act. In addition,
the organisation has recognized the importance of availing enough resources to the implementation process especially the human resource. Continuous training and development programs have been initiated to help in building capacity of these employees to face the different challenges coming from the business environment. In addition, the company has initiated continuous evaluation of performance of the organisation in achieving its objectives. Performance measures used in the organisation include; KPIs (Key Performance Indicators), Operational excellence; Customer Service; Safety & Environment; Portfolio Management.

In the pursuit of achieving implementation success of the organisation strategies, the company has faced a number of challenges. The challenges ranged from: channel conflicts between various lines of business, mis-aligned targets with support functions, big brother syndrome by Global business, attitude of support teams, it was also noted that the organization structured should be restructured to be flexible and facilitate quick decision making other than currently witnessed. The respondents observed that in the case of KSL, the managers have not been enthusiastic enough in implementing some of the organisation strategies and coming up with strategies to counter the challenges that face the firm and this has hampered their success. In a competitively and chaotic environment, one essential contribution of a strategic leader is to provide and share a clear vision, direction and purpose for the organization. Leadership is therefore key to effective strategy implementation and whenever there is no clear leadership in a process, then chances are possible that the organisation might not achieve its objectives.
The organization has at the same time come out with various ways of countering the challenges facing its strategy implementation process. Some of the measures taken include: initiating structured and standardized performance indicators (KPI), tracking tools that kept abreast all the staff concerned on much they had achieved or deviated from their targets and these systems are felt to be fair and therefore supported by the staff. In addition, the incorporation of individual development requirements of employees in yearly appraisal has also been found to be effective in the process of providing the staff with the necessary tools for implementing the strategy. The respondents pointed out that KSL’s Lines of business have away days, half yearly teams and leadership come together to discuss the business and draw lessons from ‘what went well’, ‘what went wrong’, ‘what could have been done differently’ and agree on the collective way forward. For purposes of tracking KPIs monthly business review meetings are held, part of which leadership seeks feedback from staff on support required to take the business to the next level.

5.2 Conclusion

From the research findings and the answers to the research questions, some conclusions can be made about the study. Strategy formulation and implementation is very vital for the functioning of any organization. From the findings, it was established that strategy formulation follows a defined process and involves some organization’s employees, management and other stakeholders. The organization has a team of qualified and experienced staffs who are committed to their work but at the same time are uncertain of their job security due to the divestment process that has been commenced by the
organization. As a result of these, the researcher felt that it was important for the organization to put in place adequate mechanism of incorporating the views of some of these stakeholders especially the ones that will be affected by the decisions to be made. Effective monitoring and evaluation (M & E) of the strategies during implementation was found to be critical. An organization should be able to put in place measures for tracking down progress and facilitating learning and decision making in a quick manner and therefore increase the chances of achieving the same strategies. In an effort to improve M & E, an external consultant will be recommended who would give independent opinions and guidance towards the achievement of the same objectives. In addition, the organization has initiated a move to improve the M&E frameworks through the development of staff skills in IT software.

Implementation of any organisation strategy will always face different kinds of challenges. It is important at the outset for the managers to aware of the various kinds of challenges that can face the organization and put in place mechanism that will help the organization to act fast enough to counter the challenges. As a starting point, lack of adequate resources to facilitate the strategy, rigid organizational structure that did not adapt easily to the dynamic nature of the times, lack of clear leadership that to guide the implementation of the strategy and as well as a management team that felt that they were not consulted adequately before developing the organizations strategy affected the realization of organization’s objective.
However, despite the many possible challenges that can face the organisation in implementing its objective, an organisation structure should be flexible enough to adjust quickly to any changes in business environment. Another critical area that an organisation should look at is the ability of its employees to work for the organization towards its success. As a result, an organisation should be able to achieve its employee’s undivided attention and this can be enhanced through the provision of adequate training and development programs. Whenever employees or any influential stakeholder feels threatened, then they might try to sabotage the implementation of the organization’s strategies and therefore resulting to the non-achievement of its objectives.

5.3 Recommendations

Strategy implementation should not be viewed as a one-off process; the management should inculcate a practice of regular review and reference making of the Strategic Plan throughout its lifespan.

At the start of the Strategic Plan process, it would be prudent to include a Human Resource audit to assess the capacity of the staff to implement the new strategy and give recommendations. The basis of doing this lies on the principle of having the right people on board, then the problem of managing and directing them largely goes away. To improve on human resource management, KSL needs to institute performance management systems and train their key staff on administration of the system, review the job descriptions and personnel policies in order to have the workforce motivated.
There is need to recruit a monitoring and evaluation officer who will mentor all the programme staff in this area. Further training of staff in M & E and data analysis is essential; the KSL management should identify an organization with good practices in M & E to coach staff and share experiences as a method of learning and develop an M & E manual to provide guidelines to the program. All programs should be encouraged to develop tools for collecting foundation information needed to assess outcomes and impact.

There is also need for organizational capacity assessments to be done immediately the strategy is launched so as to advice on capacity that needs to be developed. In addition, the management also needs to devote more time in analyzing the progress reported in order to provide timely guidance in change management.

5.4 Suggestions for Further Research

The study confined itself to KSL. This research therefore should be replicated in other companies that are facing similar business environment changes or are in the process of divestment or even in other multinational oil companies in Kenya and the results be compared so as to establish whether there is consistency among the challenges faced by the firms in their strategy implementation.

5.5 Limitations of Study

This study depended on interviews and discussions with management and the employees of the organization. It would have been of value to obtain the views of those being served
by the organization or other stakeholders in the firm. The scope and depth of study was also limited by time factor and financial resource constraints. This put the researcher under immense time pressure. The researcher also encountered problems with the respondents’ unwillingness to give the researcher interview time promptly due to the nature of their jobs.
REFERENCES


Hudson, Ray (2003), Corporate strategies, industrial (dis)investment and the new geography of uneven development in the New Europe, paper delivered at the International Conference on Divestment: Corporate Strategies, the Regions and Policy Responses, Faculdade de Letras, University of Lisbon, September.


Machuki, V. (2005), Challenges to strategy implementation at CMC Motors Group Ltd. Unpublished MBA Research Project, University of Nairobi.


APPENDIX 1: LETTER OF INTRODUCTION

Reginah Mukuhi Kinyua
P.O. Box 50375, 00200
Nairobi.
Mobile: 0722-875903

Dear Interviewee,

RE: INTRODUCTION LETTER

I am a postgraduate student pursuing a Master of Business Administration (MBA) degree at University of Nairobi, School of Business. A part of the partial requirements for the award of the degree, I am currently conducting a Strategic Management research project whose title is “Strategy Implementation Challenges Faced by Kenya Shell Limited”.

I kindly request you to assist with information outlined in interview guide while carrying out the interview. I wish to assure you that all the information provided will be treated with utmost confidentiality and will be used only for the purpose of this research and your name and position will not be disclosed in the research finding or mentioned in the report.

Thanking you in advance.

Yours faithfully,

Reginah Mukuhi Kinyua
MBA Student
cc: Dr. James Gathungu
University of Nairobi
APPENDIX II: AUTHORIZATION LETTER

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAM – LOWER KABETE CAMPUS

TO WHOM IT MAY CONCERN

The bearer of this letter

REGINAH MUKHITI KYENYA

Registration No: 061171630 2007

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

DR. W.N. IRAKI
CO-ORDINATOR, MBA PROGRAM
APPENDIX III: INTERVIEW GUIDE

The interview guide will seek to achieve the following objectives:

1. Determine the strategy implementation challenges faced by Kenya Shell Limited.
2. Establish how it has been able to overcome the same implementation challenges.

Interview Questions

The following sections provide sample questions to be used in evaluating challenges of strategy implementation at KSL.

SECTION A: BACKGROUND INFORMATION ON THE INTERVIEWEES

i. What level of education and professional qualifications have you attained?

ii. What current position in the organization do you hold?

iii. For how long have you been holding the current position?

iv. Would you change your current duties if given a chance?

SECTION B: STRATEGY IMPLEMENTATION CHALLENGES AT KSL

1. What level of participation by senior management is present in the formulation and implementation of organization strategy?

2. How long did the formulation of the firm’s strategies take and what factors determined the duration?
3. What approach can you describe the organization has adopted in its strategy formulation and implementation? Top-down or bottom-up approach?

4. Has the company put in place mechanisms to ensure that the employees are well compensated or their jobs are secure? __________________________________________________________

5. What is the level of employee satisfaction with the approach being adopted by the organization? __________________________________________________________

6. Did the government policy in the country contribute to the divestment of the organization? __________________________________________________________

7. Did the geographical area in which the company operates in cause managerial problems to the extent of divesting? __________________________________________________________
8. Does the organization have enough labour force that ensures that the company competes effectively with other companies? ________________________________

9. Has the company strategic approach changed with time and circumstances and if yes, what were the drivers to the strategic change process? ________________________________

10. Is the organization’s strategy procedures clear and concise? If not, what steps has the organization undertaken to improve on the same? ________________________________

11. Do you think the strategy being adopted by the company of divesting favours it in the long run? ________________________________

12. Do you think the amount of resources the company has devoted to strategy development and implementation is adequate? ________________________________
13. What type of resources has your organization availed in the strategy implementation stage?

__________________________________________________________________________

__________________________________________________________________________

14. To what extent does the level of employee buy-in, understanding and communication of the strategy implementation influence the success of the organization’s strategy?

__________________________________________________________________________

__________________________________________________________________________

15. While implementing strategy, does the organization prioritize the various strategies? If yes, on what basis does the organization use in the order of executing the plans?

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

16. What performance measures does the organization use?

__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________

17. To what extent does information technology play in successful implementation of the organization’s strategy?

__________________________________________________________________________
18) What other challenges do you feel the organization faces in the implementation of its strategy?
____________________________________________________________________

SECTION C: OVERCOMING THE STRATEGY IMPLEMENTATION CHALLENGES

1) What structured tools and frameworks are used by the organisation in overcoming the challenges faced in implementing the strategy? ________________________________
____________________________________________________________________
____________________________________________________________________

2) How often are business strategy reviews undertaken and what does it encompass in order to align with different business units of the organization? ____________________
____________________________________________________________________
____________________________________________________________________

3) What role do teams and leadership play in overcoming strategy implementation challenges? ____________________________
____________________________________________________________________
____________________________________________________________________
4) What other techniques are used by the organization to overcome the challenges?