

**CHALLENGES OF STRATEGY IMPLEMENTATION AT THE
MISSION FOR ESSENTIAL DRUGS AND SUPPLIES (MEDS)**

By:


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**A Research Project Submitted in Partial Fulfilment of the Requirements for the
Award of the Degree of Master of Business Administration, School of Business,
University of Nairobi**

APRIL 2010

DECLARATION

This management project is my original work and has not been presented for a degree in any other university.

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Date: - 16.11.2010

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

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DEDICATION

This work is dedicated to Mediatrix M. Ong'ale, my son Enock L. Ong'ale and daughter Edith L. Alwang'a who provided me with consistent and selfless encouragement during the period of my MBA studies. The other dedication is to my late mother Asenath M. Wandayi, for her invaluable advise that continue to guide me in all my undertakings in life and lastly to all students of management for their support.

ACKNOWLEDGEMENTS

My special regards and appreciation to my supervisor Dr. Martin Ogutu of the School of Business University of Nairobi without whose guidance and immense support, this work would not have been successfully accomplished.

Other members of both academic and non-academic staff of School of Business University of Nairobi too deserve my acknowledgement for their contribution and support in the realization of this research project. I thank you all for your support and guidance.

I am particularly indebted to my wife Mediatrix, my daughter Edith and son Enock for their encouragement during the period of my studies.

Finally, I thank the management and staff of the Mission for Essential Drugs and Supplies (MEDS) for giving me a chance to carry out the research on the organization and giving me immense support that made this project a success. My special thanks go to the Managing Director Mr. Paschal Manyuru for his support. I thank all those who in any way, contributed towards the realization of this Management Research Project.

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ABSTRACT

For an organization to succeed in the competitive environment, its management must prudently choose its strategic orientation. Strategic choice and formulation are critical aspects of strategic management process, but the more critical, complex and time consuming aspect is the implementation process. This case study was an attempt to establish the challenges faced by the Mission for Essential Drugs and Supplies (MEDS), a Medical Logistics Organization in Kenya, in its quest to implement its strategic plans.

Both primary and secondary data was collected. There were also personal interviews carried out. Primary data was collected from members of senior and middle management using a structured questionnaire and personal interviews. Secondary data was collected from the records on file. The data collected was mainly qualitative and descriptive in nature.

Analysis of the data shows that MEDS management is able to identify factors that facilitate successful strategy implementation. The management is also able to identify and rate the factors that pose a challenge in the organization's effort to implement its strategic plans. It was also evident from the study that the challenges experienced by the organization during the implementation of its strategies were not confined to a single department or section but were felt throughout the organization. This implies that strategy implementation is an organization wide process and every individual has to actively participate to achieve success.

The organization has to tackle the identified challenges for it to realize the benefits of its strategic plans. Some of the recommendations include: evaluation of the organization structure and culture, proper and sufficient allocation of resources, adequate employee training and acquisition of skills, objective performance appraisal and reward system, adequate monitoring and evaluation, establishment of strategy implementation team and co-ordinator and proper leadership.

The study had limitations since it focused on only one organization or study unit. The findings from the study can only be used to draw objective generalizations about the challenges of strategy implementation in medical logistics sector of the health

industry in Kenya if corroborated with a study of more than one study unit or organization.

1.1 Background

The background of the study is the fact that the Kenyan government has been trying to improve the performance of the public sector. This has been done through various measures such as privatization, restructuring, and the introduction of competition. However, the performance of the public sector has not improved significantly. This is due to various reasons such as corruption, inefficiency, and lack of accountability. The study is aimed at identifying the factors that influence the performance of the public sector in Kenya and to propose strategies to improve it. The study is based on a review of literature and a survey of public sector organizations in Kenya. The findings of the study will be used to inform the development of strategies to improve the performance of the public sector in Kenya.

1.2 The Concept of Strategy

A strategy is a plan of action designed to achieve a long-term or overall aim. In the context of business, a strategy is a plan of action that guides the organization in achieving its mission and vision. It involves identifying the organization's strengths and weaknesses, and developing a plan to exploit the strengths and overcome the weaknesses. A strategy is a key component of an organization's success, as it provides a clear direction and focus for the organization's activities.

CHAPTER ONE: INTRODUCTION

1.1 Background

Today, organizations, whether profit or non-profit have found it necessary to engage in strategic management process in order to achieve their intended goals. The environments in which organizations operate have become, not only increasingly uncertain, but also more tightly interconnected (Muthuiya, 2004). Organizations are required to think strategically, translate their insights into effective strategies so as to cope with the changing situations and develop appropriate rationales necessary for adopting and implementing the formulated strategies in the face of uncertain and unpredictable external environments in which they operate (Bryson, 1995). In order for organizations to achieve their goals and objectives, it is necessary for them to adjust to the external environment (Pearce and Robinson, 2003).

Well formulated strategies are a critical element in organizational functioning, but whereas most organizations have good strategies, successful strategy implementation remains a major challenge. The notion of strategy management process might seem quite straightforward; strategy is formulated and then implemented (Muthuiya, 2004). On the contrary, transforming strategies into action is far, more complex, difficult and challenging undertaking (Aaltonen and Ikavalko, 2001). The strategy implementation process is easily the most complicated and time-consuming part of strategy management process (Hrebiniak, 2005). Successful strategy formulation does not guarantee successful strategy implementation (Ochanda, 2005). The success or failure of a firm's strategy will depend on skilful formulation and effective implementation. All successful strategies have some common elements. They are based on simple consistent and long-term objectives and also on profound understanding of the competitive environment and objective appraisal of available resources (Grant, 1988)

1.1.1 The Concept of Strategy

According to Thompson and Strickland (1989), strategy is a blue print of all the important organizational moves and managerial approaches that are to be taken to achieve organizational objectives and to carry out organization's mission. In this context, strategy consists of competitive moves and business approaches that

managers are employing to grow the business, attract customers, compete successfully, conduct operations and achieve targeted levels of organization's growth. They further state that excellent implementation and execution of an excellent strategy is the best test of a managerial excellence and the most reliable recipe for turning companies into stand out performers.

Johnson and Scholes (2005) define strategy as the direction and scope of an organization, over long term, which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholders' expectations. Mintzberg and Colleagues (2002) views strategy as a plan (sort of consciously intended course of action or a set of guidelines to deal with a situation), a position (a means of locating an organization in an environment), and a perspective (seeks to locate the organization in the external environment and down to concrete positions and inside the organization up to a broader view).

The changing circumstances and on-going management efforts to improve the strategy cause a company's strategy to evolve over time, a condition that makes the task of crafting a strategy a work in progress, not a one-time event. A company strategy is shaped partly by management analysis and choice and partly by the necessity of adapting and learning by doing. A winning strategy must fit the enterprise's external and internal situation, build a sustainable competitive advantage and improve the company's performance. Excellent execution of an excellent strategy is the best test of a managerial excellence and most reliable recipe for turning companies into stand-out performers (Thompson, Strickland and Gamble, 2007).

Pearce and Robinson (2000) define strategy as a company's "game plan". By this, managers achieve company's objectives by facilitating the interaction between the company's large-scale and future oriented plans with the competitive external environment. Ansoff and McDonnel (1990) define strategy as a set of decision making rules for guidance of organizational behaviour. Such rules define goals and objectives, business strategy, organizational concept and the organizational operating procedures.

What emerges is that there is no single definition of strategy. The obvious characteristics of strategy are that it is long term, it provides direction towards superior organizational performance and it facilitates the realignment of the organizational activities to the dynamic and turbulent business environment. The fundamental concept is that strategy determines how a firm relates to its environment, taking into account its internal capabilities and external opportunities and threats. The ultimate purpose of an elaborate strategy is to win against competition by ensuring sustainable competitive advantages. The success or failure of any strategy will depend entirely on how skilfully it is formulated, implemented and executed.

According to Grant (2000), all successful strategies have three important elements. These are: simple, consistent and long term objectives, thorough understanding of the competitive environment and the objective appraisal of resources. These are summarized in the diagram below:

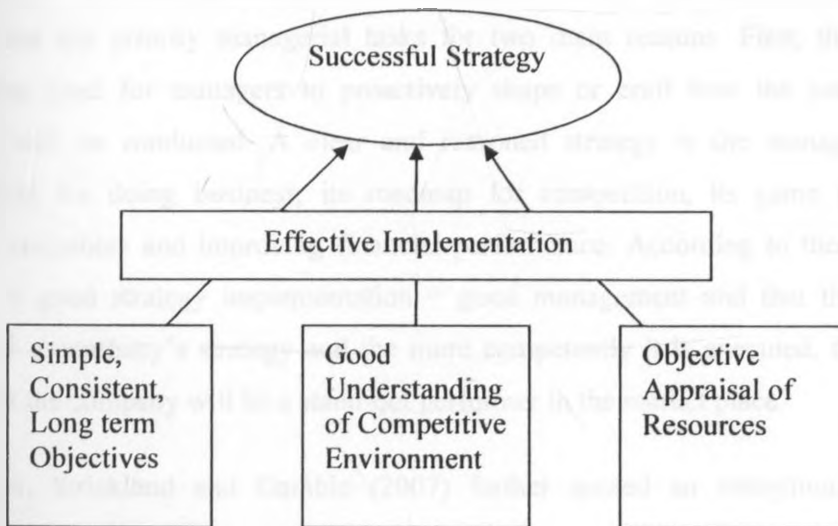


Figure: The Common Elements of Successful Strategy.

Source: Grant R.M, 1998: **Contemporary Strategic Analysis; Concepts, Techniques and Applications**: Blackwell Publishers Inc: Pg. 10

Pearce and Robinson (1991), identifies three levels of strategy: corporate level (top decision making hierarchy concerned with the overall purpose and scope of the organization to meet the expectations of stakeholders), middle level or business level strategy (translate statements of direction and intent generated at the corporate level into concrete objectives and strategies for individual business divisions or strategic business units (SBUs)) and operational level strategy (develop annual objectives and short term strategies in such areas as production, research and development, finance, accounting, marketing and human relations). The role of this level of management structure is to implement or execute the firm's strategic plan. Thus, whereas corporate and business-level management centre their attention on "doing the right things", managers at the functional level centre their attention on "doing things right". They ensure efficiency in operations necessary to help the firm reach the destination as per the direction taken.

1.1.2 Significance of Strategy

According to Thompson, Strickland and Gamble (2007), crafting and executing strategy are top priority managerial tasks for two main reasons. First, there is a compelling need for managers to proactively shape or craft how the company's business will be conducted. A clear and reasoned strategy is the management's prescription for doing business, its roadmap for competition, its game plan for pleasing customers and improving financial performance. According to them, good strategy + good strategy implementation = good management and that the better conceived a company's strategy and the more competently it is executed, the more likely that the company will be a stand-out performer in the market place.

Thompson, Strickland and Gamble (2007) further quoted an anonymous Chief Executive Officer of a successful company as saying "In the main, our competitors are acquainted with the same fundamental concepts and techniques and approaches that we follow and they are as free to pursue them as we are. More often than not, the difference between their level of success and ours lies in the relative thoroughness and self discipline with which we and they develop and execute strategies for the future". This in effect means that a well formulated, implemented and executed strategy unifies the activities of different divisions, departments, managers and workgroups into a coordinated cohesive effort allowing the company to operate at full power.

Second, a strategy-focused enterprise is more likely to be a stronger bottom-line performer than a company whose management views strategy as secondary and puts its priorities elsewhere. Quality of managerial strategy making and strategy execution has a high positive impact on revenue growth earnings and return on investment. Winning in the market place requires a well-conceived opportunistic strategy, usually one characterized by strategic offensives to out-innovate and out-manoeuvre rivals and secure sustainable competitive advantage, then using this market edge to achieve superior financial position.

Other benefits that a good strategy provides to an organization are: better guidance to the entire organization on what the organization is trying to do and achieve, it makes managers more alert to the winds of change, new opportunities and threatening developments, it provides managers with a rationale to evaluate competing budget requests for investment capital and new staff, it creates a more proactive management posture and countering tendencies to be reactive and defensive. Specifically, a good strategy helps managers to think about the future while still carrying out present operations (Aosa, 1992), respond to external changes on a timely basis and build internal capacity (Wakhungu, 2002).

It is evident that a good strategy will give an organization competitive advantage, since company strategies are mainly concerned with how to grow the business, how to satisfy customers, how to compete rivals, how to manage each functional area, how to develop requisite capabilities and how to achieve company objectives. Thompson and Strickland (1996) summarizes that aggressive pursuit of a creative opportunistic strategy can propel a firm into a leadership position, paving the way for its products or services to become the industry standard and that without strategy, the organization is like a ship without a rudder, going round in circles.

1.1.3 The Concept of Strategy Implementation

Strategy implementation involves conversion of a formulated strategy into action and good results. Putting strategy into action is an extension of the planning process (Johnson and Scholes, 2005). Strategy formulation and implementation depends on the identification of the organization's goals and the rational analysis of its external environment and internal resources and capabilities (Grant, 2000).

Once a firm formulates a strategy, it has to put it into action by selecting appropriate organizational culture and managing its execution by tailoring the management systems of the organization to the requirements of the strategy (Hill and Jones, 2001). The administrative part includes putting the formulated strategy into place by getting individual and organizational units to execute their part of the strategy successfully (Thompson and Strickland, 1993). Managing the implementation and the organizational issues that go with it, is so frequently the source of complexities and difficulties that characterize the strategy implementation process (Grundy, 1995).

Management issues to strategy implementation include establishing annual objectives, devising policies, allocating resources, altering an existing organization structure, restructuring and re-engineering, revising reward and incentive plans, minimizing resistance to change, matching managers with strategy, developing a strategy supportive culture, developing an effective human resource and if necessary, downsizing (David, 2003).

There are various challenges that occur during the strategy implementation process. These challenges are important because they render even the best strategies ineffective. According to Burnes (2000), some of the challenges that affect effective implementation of strategies include: inertia, organizational politics and resistance to change. Others are the organization's culture that is incompatible with the strategy, inappropriate leadership, lack of efficient communication systems, inadequate human, financial, physical and technological resources, poor reward policies and lack of ownership of the strategy.

1.1.4 Mission for Essential Drugs and Supplies (MEDS)

Mission for Essential Drugs and Supplies (MEDS) is a Christian non-profit making organization based in Nairobi Kenya. It is a joint service of the Kenya Episcopal Conference (KEC) and the Christian Health Association of Kenya (CHAK).

The organization was started in 1986 as an ecumenical partnership to improve accessibility to quality healthcare by church facilities. It is registered in Kenya as a trust. MEDS mission is to promote accessibility to health for all through provision of essential drugs, medical supplies, training and consultancy and other pharmaceutical services, guided by Christian, ethical and professional practices and values. In pursuit

of its mission, MEDS has two major fundamental objectives and these are: to provide a reliable supply of good quality essential drugs and medical supplies at affordable prices and to improve the quality of patient care through training and consultancy services in all aspects of health and general management with specific emphasis on the essential drug concept and the rational use of drugs in conformity to the World Health Organization guidelines.

In mid 1980s, the Kenya Government adopted the Essential Drugs Concept as a means of ensuring access to cost effective drugs by the majority of the country's population (Kenya National Drugs Policy, 1994). The World Health Organization (WHO) model essential drug list was used to develop the Kenya Essential Drug List (KEDL) based on the country's disease prevalence (KEDL, May 1993). The government also strengthened its Central Medical Stores to cater for all the drug requirements of public healthcare. Unfortunately with time, the government, through the structural adjustment programme reduced its budgetary allocation to fund healthcare and with this development, the church-based facilities could no longer obtain all their medical supplies from the Central Medical Stores.

This, coupled with the general poor economic condition in the country left church health facilities struggling for survival. Also suffering were the poor Kenyans who depended on these facilities to get quality healthcare at affordable prices (Riungu, 2007). In 1986, the churches through their respective health secretariats (CHAK and KFC) came together to address the problems facing their health facilities. It was observed that the facilities, which were providing healthcare services to sizeable population especially among the poor, were suffering largely because they lacked collective bargaining power with the pharmaceutical and other medical suppliers. Subsequently, a joint Procurement Venture for the churches was formed whose main objective was to source and avail good quality essential drugs to church health facilities at affordable prices.

1.2 Statement of the Problem

Today, organizations in Kenya operate under increasingly competitive and ever-changing environment. In order to survive and deliver services effectively, they require effective strategic management practices that provide a fit between the organization's internal processes and the unpredictable, uncertain and ever changing

external environment. All organizations must grapple with the challenges in the changing environment in which they operate (Kiruthi, 2001).

Whereas strategic planning process has been widely researched by scholars in Kenya (Aosa, 1992, Koske, 2003, Ochanda, 2005) only a few scholars (Aosa, 1992, Awino, 2001, Koske, 2003) have done studies on the component of strategy implementation processes in Kenya, yet it is a critical aspect in the organisational strategic management process. Stoner and colleagues (2001) observed that the field of strategy implementation is so new that there is no consensus about its dimensions.

Several studies have been done on challenges of strategy implementation in other organizations, but none has been specifically done to look at the challenges that MEDS faced in implementing its 2003-2007 strategy and those that it is facing in the implementation of its current strategy (2008-2012). The management of the organization is of the opinion that the sales targets are not being met, that the direction the organization has taken is not positioning it strategically to respond to the changes in the external environment and that the customer base is not increasing as anticipated. It is in the background of these issues that that this study will be conducted to establish the challenges of effective strategy implementation and use the findings to effectively implement subsequent strategies to achieve organization's goals and objectives and position the organization appropriately for the future.

The study therefore seeks to explore the challenges of strategy implementation at the Mission for Essential Drugs and Supplies (MEDS). More specifically, the study seeks to answer the following question, "What key challenges does MEDS face in implementing its strategies?"

1.3 Objective of the Study

The objective of the study is to determine strategy implementation challenges at the Mission of Essential Drugs and Supplies (MEDS).

1.4 Importance of the Study

The findings of this study will go a long way in assisting MEDS formulate or design appropriate mechanisms to identify and overcome challenges in implementing its strategies so as to achieve the set organization's goals and objectives, remain relevant

in the ever changing business environment and position the organization strategically for success in the future. The findings will also help other similar organizations to identify and tackle the challenges encountered in strategy implementation process. The outcome of this research will stimulate further study in the field of strategy implementation and will also add to the existing body of knowledge in strategic management. It will be useful to policy makers in health and pharmaceutical industry as it will form a basis for policy formulation by relevant policy makers.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section reviews available literature on strategy, its implementation and the challenges experienced in the implementation of strategies. The review is done from a general perspective owing to the limited availability of literature that has focused directly on strategic activities among Medical Logistics Organizations like MEDS.

Strategy formulation, implementation and execution are core management functions, since strategy relates a firm to its environment. A well formulated, implemented and executed strategy serves as a guide to the organization on what it is trying to do and to achieve, i.e., strategy is about winning, and it is a unifying theme that gives coherence and direction to the actions and decisions of an organization. It also acts as a vehicle for communication and co-ordination within organizations. Strategy implementation poses challenges to managers. Aosa (1992) investigated aspects of strategy formulation and implementation within large private manufacturing companies and observed among other conclusions that environmental turbulence tended to pose challenges to managers during strategy implementation.

No industry or company is able to escape the winds of change. Effective strategic management is the answer to firms in effectively coping with changing environments. A good strategy helps minimize expensive mistakes of the future and it assists in the provision of superior value to customers, thus enabling achieving of sustainable competitive advantage. Sustainable competitive advantage is not beating competition but attracting customers who have a choice.

2.2 The External Environment and Strategy

The essence of formulating competitive strategy is to relate an organization to its environment (Porter, 1980). All organizations are environment dependent and environment serving. They receive their inputs from the external environment. They process (transform) the inputs internally into various output products (the process called throughput). The output products are sent back to the external environment for consumption. This then implies that an organization cannot operate in isolation from the external environment, which supplies the organization with inputs and the feedback on customer satisfaction levels and expectations as well as competitor

activities. This enables organizations to modify their products and services to meet customer needs in the most efficient and reliable way.

The external environment of an organization is never constant. It is dynamic, fluid and unpredictable. Customers' tastes and preferences are ever-changing. New players are constantly entering into the market. Technology is constantly evolving and changing at a fast rate. This in effect implies that the organization must keep on customizing its strategy in line with environmental changes in order to survive and succeed in the market place, that is, different business environments require different sets of strategies for a firm to succeed.

Ansoff and McDonnell (1990) say that the management system used by a firm is a determining component of the firm's responsiveness to environmental changes because it determines the way that management perceives environmental challenges, diagnoses their impact on the firm, decides what to do and implements the decision. As the environmental turbulence levels change, the management develops systematic approaches to handling the increasing uncertainty, novelty and complexity.

Management control of performance can only be adequate when change is slow. When change accelerates but the future remains predictable by extrapolation of the past, management by extrapolation can be applied (Johnson and Scholes, 2002). Management by anticipation is applicable where discontinuities appear but change, while rapid, is slow enough to permit timely anticipation and response. Where many challenges develop too rapidly to permit timely anticipation, management is through flexible or rapid response.

When formulating strategy, a firm has to put into account the external environment in relation to its internal capabilities. The aim is to create a competitive advantage for the firm. Competitive advantage is having an edge over rivals in attracting customers and defending against competitive forces (Johnson and Scholes, 2002). An organization will achieve competitive advantage through designing and implementing winning competitive strategies. Competitive strategies are those approaches and initiatives a firm takes to attract customers, withstand competitive pressures and strengthen its market position. According to Kotler (1997), competitive strategies comprise both offensive and defensive actions.

Offensive moves are those actions taken when an organization tries to exploit and strengthen its competitive position through attacks on a competitor's position. They include frontal assault that involves going head to head against a competitor in price, promotion, product features and distribution channels. Other offensive actions are attack on a competitor's weakness, for example, by placing products where competitors do not compete and all-out attack that entails hitting at competitors with similar products in the same market segment. Others are manoeuvring around competitors and guerrilla tactics such as small, intermittent, seemingly random attacks that can wear down a competitor.

Defensive strategies on the other hand are meant to shield a firm's competitive advantage. An example of a defensive strategy is a counter-attack. Others include giving competitors nothing to attack, for example, by protecting products with patents and having exclusive contracts with suppliers. Other defensive strategies include making competitors believe that they will suffer if they attack as well as lowering the incentive to attack, for example, lowering costs and hence prices. Kotler (1997) says that poor firms ignore their competitors; average firms copy their competitors, while winning firms lead the competitor

2.3 Strategy Implementation

According to Hussey (1995), identifying and structuring strategy- implementation process is even more difficult than identifying strategy-formulation process. The implementation of strategy is easily the most complicated and time-consuming part of strategic management (Hrebiniak, 2005). Strategy implementation involves the conversion of the formulated strategy into action to enable the organization realize its intended goals and objectives and respond to the changes in the external environment in a timely manner.

According to Pearce and Robinson (2003), strategy implementation being one of the components of strategic management, refers to a set of decisions and actions that result in the actualization of long term plans designed to achieve organization's objectives. It completes the transition from strategic planning to its execution by incorporating adopted strategies throughout the relevant systems (Bryson, 1995). According to Robbins and Coulter (2002), strategy implementation is viewed as a way of considering; deciding and realizing already formulated strategies. It is

concerned with both planning on how the chosen strategy can be put into effect and managing the change required (Wang, 2000).

Because implementation of strategies remains the greatest bottleneck, many organizations are not able to address their goals adequately. Organizations today face major unpredictable changes that make implementation of their strategies more complex than in the past (Harvey, 1988). According to Holman (1999), 80% of organization Chief Executive Officers believe that they have good strategies, but only about 10% believe that they implement them well. Over 60% of organizational strategies fail to get implemented well (Mintzberg and Quinn, 1991, David, 1997). Strategy implementation requires a little more than a single question, "can we do it?" It calls for organizational analysis to help drive the decision and the implementation process.

Various researchers (Aosa, 1992, Koske, 2003, Alexander, 1991, Muthuiya, 2004, Ochanda, 2005) have brought out the difficulties encountered in strategy implementation process as poor or vague strategy, conflicts with the organizational power structure, poor or inadequate sharing of information, inappropriate organizational structure, unclear responsibility and accountability in the implementation process, inability to manage change including cultural change, weak management roles and uncontrollable factors in the external environment.

According to Ochanda (2005), crafting strategy is largely an entrepreneurial activity; implementing strategy is largely an internal and administrative activity. Whereas successful strategy formulation depends on business vision, market analysis and entrepreneurial management, successful strategy implementation requires proper undertaking of management functions of organizing, motivating, directing and culture building. There has to be a fit between the strategy, the external environment and how the organization does things. Implementing strategy is tougher, more time consuming and challenging than crafting strategy (Thompson, Strickland and Gamble, 2007).

Aosa (1992) stresses that well formulated strategies are of no use if they are not implemented. However, poor implementation of an appropriate strategy may cause that strategy to fail (Kiruthi, 2001). An excellent implementation plan will not only cause the success of an appropriate strategy, but can also rescue an inappropriate

strategy (Hunger and Wheeler, 1994). Strategy implementation is therefore critical to effective management of an organization (McCarthy et al, 1996).

According to Thompson, Strickland and Gamble (2007), the strategy implementation process typically imparts every part of the organization's structure and that every manager has to think of what has to be done in his or her area, and collectively to realize a successful implementation process. All managers therefore become strategy implementers in their areas of authority and responsibility and all employees should be involved (Muthuiya, 2004).

Ansoff and Mc Donnel (1990) points out that strategy implementation process exhibits its own resistance that can invalidate the planning efforts. Clearly, the implementation of strategy is not a straight forward process as one would assume. Bryson (1995) asserts that earlier steps in the strategic management process are designed to ensure as much as possible that adopted strategies and plans do not contain any major flaws, but it is obvious that some important difficulties will arise as strategies are put into practice.

Alexander (1991) identified inadequate planning and communication as two major obstacles to successful implementation of strategies. Thompson, Strickland and Gamble (2007) points out that strategy implementation challenge is to create a series of tight fits between strategy and the organization's competencies, capabilities and structure, between the strategy and budgetary allocation, between strategy and policy, between strategy and internal support system, between strategy and the reward structure and between strategy and the corporate culture.

However, the problems of strategy implementation relates to circumstances that are unique to a particular organization even though some problems are common to all organizations (Muthuiya, 2004, Ochanda, 2005). The key decision makers should therefore pay particular attention to the implementation process in order to identify and tackle any difficulties that may arise.

2.4 Factors Responsible for Successful Strategy Implementation

For an organization to obtain desired results, formulated strategies must be successfully implemented. Successful strategy implementation involves empowering others to do all the things needed to put the strategy into place and execute it proficiently (Thompson, Strickland and Gamble, 2007). Since the strategy implementation process imparts every part of the organization, every manager has to take an active role as a strategy implementer.

Bryson (1995) states that the most important outcome that leaders, managers and planners should aim from successful strategy implementation is real value added through goal achievement and increased stakeholder satisfaction. Successful strategy implementation in organizations depends on various factors. Aosa (1992) observed that strategy implementation is likely to be successful when there is a fit between several organizational elements. These elements include organizational structure, culture, resource allocation, systems and leadership.

2.4.1 Structure

Strategy used by an organization is fundamentally influenced by the structure of the organization. Robins and Coulter (2002) define the structure of an organization as the framework by which jobs and tasks are divided, grouped and co-ordinated. Organizational structure can also be defined as a firm's formal role configuration, control mechanisms, authority and decision-making process. It dictates how policies and objectives are established and how resources are allocated. When an organization changes its strategy, the existing organization structure may be ineffective. Through an effective structure, organization's members are able to develop synergies that promote effective strategy implementation.

There is an intrinsic association between strategic thinking and structure and according to Chandler (1962); implementation of strategy can be aided by adaptation of an appropriate organization structure. According to Pearce and Robinson (2002), there is no optimal organizational design for strategy implementation. Organizational structures are changed when they are no longer compatible with strategy (Hill et al, 1997). For effective strategy implementation, there has to be compatibility between the strategy and the structure of the organization. If there is incongruence, then adjustments will be necessary either for the structure or the strategy itself (Koske,

2003). According to Mintzberg and Quinn (1991), the weakness of most organizational structures is lack of emphasis and co-ordination on how to effectively implement organizational plans and policies.

2.4.2 Culture

Pearce and Robinson (2002) define organizational culture as a set of important assumptions that are often not documented, that the members of the organization share in common. Culture is also defined by Robbins and Coulter (2002) as a system of shared meaning and beliefs held by organizational members that determines in large degree on how they act. It is a powerful and complex set of values, traditions and behaviour that dictates the way things are done in an organization.

The culture of an organization defines the social context in which an organization functions. It provides guidance to the organizational members in decision making, time management and energy investment, what kind of people to work for the organization and any other social activity done in the organization. McCarthy et al (1996) states that culture affects the way managers behave in an organization including the decisions they make that affect the relationship between the organization, its strategy and the environment. Appropriate culture will facilitate successful strategy implementation. When firms change strategies and sometimes structures, they sometimes fail because the underlying values do not support the new approach. Kezmi (2000) observes that culture may be a factor that drives strategy rather than the other way round.

According to Thompson, Strickland and Gamble (2007), it is the strategy implementer's task to bring the corporate culture into alignment with the strategy and keep it there once the strategy is chosen. Culture as a strength can facilitate communication, decision making and control and can create co-operation and commitment. As a weakness, culture may obstruct the smooth implementation of strategies by creating resistance to change (Muthuiya, 2004). Aosa (1992) states that it is important that the culture of an organization be compatible with the strategy being implemented because when there is incompatibility between them, it can elicit organizational resistance to change and de-motivation that can frustrate the strategy implementation effort.

2.4.3 Resources

For organizations to achieve their desired goals and objectives they have at least four types of resources and these are financial resources, physical resources, human resources and technological resources (David, 2003). According to Campbell et al (2002), once a strategy has been selected and documented, the management's attention shifts to evaluating the resource implications of the strategy management process.

The organization must have the resources needed to carry out each part of the strategic plan (Harvey, 1998). For effective implementation of a strategy, there has to be a fit between the resources available and the resource demands of the process of strategy implementation. David (1997) stresses that insufficient resources are a common strategy implementation challenge.

2.4.4 Leadership

According to Pearce and Robinson (2003), leadership ensures that the organizational effort is united and directed towards achieving its goals and objectives. This makes leadership a very fundamental aspect in effective strategy implementation. Leadership provides the organization with vision, initiative, motivation and inspiration that affect the performance of the organization. It is a process of influencing others towards the achievement of organizational goals (Bartol and Martin, 1991). Proper leadership will facilitate both management and employee participation in the strategic management process in organizations. A mistake made by many organizations in their strategy management process is to treat it as a top management process. Such strategies formulated and implemented without middle level management and employee participation cannot be successful (Hill and Jones, 2001).

The management leadership should cultivate team spirit and act as a catalyst in the whole strategy implementation process. As much as possible, the leadership of the organization should fill relevant positions with qualified people committed to the change effort (Bryson, 1995). Human resource being one of the fundamental resources needed for successful implementation of strategies, has to be right for the purpose intended.

The management leadership should be transformational, since leadership influences vision, perception of trends and procession of power (Bernajee, 1999). The roles people play and how they interact are crucial to the success of the strategy management process in organizations (Burgelman, 1983).

2.4.5 Organizational Systems

Organizational systems play a fundamental role in the strategy implementation effort and process. Systems means all the procedures, formal and informal, that make the organization carry out its functions on a daily basis and these may include capital budgeting systems, training systems, cost accounting procedures and budgeting systems (Mintzberg and Quinn, 1991). Poor information sharing, unclear responsibility and accountability mechanisms can lead to failure of strategy implementation (Hrebiniak, 2005)

Organizational systems specify the allocation of responsibilities for specific tasks and linking organizational goal setting systems is of fundamental importance in strategy implementation. Efficient carrying out of organizational responsibilities reinforces the strategy implementation effort (Aaltonen and Ikavalko, 2001). However, not many organizations implement their strategies successfully. The factors responsible for successful strategy implementation are met with challenges, both foreseen and unforeseen that result in the inability to realize the intended outcomes.

2.5 Challenges to Successful Strategy Implementation

Challenges that occur during the strategy implementation process are an important area of research because even the best strategies would be ineffective if not implemented successfully (Muthuiya, 2004). Several issues that affect successful strategy implementation have been raised in various studies, despite the fact that this area of strategic management process has not been widely investigated. Faulty strategy implementation can make a sound strategic decision ineffective and skilled implementation can make a debatable choice successful. Therefore, it is important to examine the process of implementation. According to Hill and Jones (2001), strategy implementation is critical to success.

It is the management's responsibility to ensure that the strategy is well understood organization wide before the implementation process begins. Clear understanding of a strategy gives purpose to the activities of each employee and allows them to link whatever task is at hand to the overall organizational direction (Byars et al, 1996). According to Aaltonen and Ikavalko (2001), lack of understanding of strategy is one of the obstacles to strategy implementation process. To overcome this challenge, organizational members need to thoroughly understand the strategic issues and their contexts and apply them in their day- to- day operations.

Organization wide management and employee involvement in strategy implementation remains a challenge. A serious mistake made by many organizations in their initial enthusiasm for strategic planning has been to treat strategy formulation as an exclusively top management function and the middle managers are given a support role (Shrivastava, 1986). This approach can result in formulation of strategies by planning executives with no knowledge of operational intricacies in the organization. As a result, they formulate strategies that cannot be implemented (Hill and Jones, 2001).

Judson (1996) emphasizes that it is imperative to involve in the formulation process the managers and supervisors who must carry it out and not to treat strategy implementation as a "phase 2 "problem after the plan has been formulated. Participation in strategy formulation ensures that managers and supervisors understand the strategy, believe in it and are committed to carrying it out. David (1997) reckons that organizations are decentralizing their strategic management process recognizing that planning must involve lower level managers and employees. The worst thing strategist can do is to develop plans themselves and then present them to the operating managers to execute. Participation by managers makes them "owners" of the strategy and this ownership by people who have to execute it is a key to success.

The incompatibility between the organization's structure and the strategy being pursued is another important impediment in strategy implementation process. The process of matching structure to strategy is complex (Byars et al, 1996). The structure that served the organization well at a certain point in time may no longer be appropriate for its new situation. The current structure may distort the intended

strategy and according to McCarthy et al (1996), creating an optimum structure and inculcating the desired behaviour is a formidable challenge. Managers must select organizational structures and controls that will implement the chosen strategies effectively. This is a fundamental challenge to most organizations.

Another very fundamental challenge is the ability of most organizations to maintain continuity in senior management. According to Wang (2000), senior managers might leave too soon after the implementation process has been started. When this happens, staff's commitment and enthusiasm for strategy implementation is undermined and they start to distrust the new strategy and prefer old and familiar situation. Staff attitudes and perspectives go a long way towards subverting the firm's plan.

The impact of culture on the strategy implementation effort cannot be underestimated and yet cultural underestimation is still a major challenge in the implementation of strategies in organizations today. Culture means the powerful and complex set of values, traditions and behavioural patterns that somehow bond together the people who comprise an organization. The strategy implementation process often encounters barriers because of the deep-rooted cultural biases and rigidities. Rigid cultures pose resistance to the implementation of new strategies. This is due to the fact that, people in such organizations with defender cultures see change as threatening and tend to favour continuity and security (Wang, 2000). For a strategy to be successfully implemented, it requires an appropriate culture. When firms change strategies and sometimes structures, they sometimes fail because the underlying values do not support the new approach. (O'Reilly 1989). Strategists should therefore strive to preserve, emphasize and build aspects of an existing culture that supports proposed new strategies.

It is the strategy formulator's responsibility to choose a strategy that is compatible with the unchangeable parts of the prevailing organizational culture (Thompson, Strickland and Gamble, 2007). Obtaining a fit between the organizational culture and the strategy to be pursued offers a strong challenge to the strategy implementation leadership abilities. Knowing and envisaging what a strategy is and designing a structure and a process to put this into effect does not in itself mean that people will make it happen. There will be a tendency towards inertia and resistance to change, people will tend to hold onto existing way of doing things and existing beliefs about

what makes sense. Managing strategic change must therefore address the powerful influence of the paradigm and the cultural web on the strategy being followed by the organization (Johnson and Scholes, 2003). Aosa, (1992) observes that lack of compatibility between strategy and culture can lead to high organizational resistance to change and de-motivation which can in turn frustrate the strategy implementation effort. Stoner and colleagues (2001) further emphasize that it is impossible to successfully implement a strategy that contradicts the organization's culture. Changing a firm's culture to fit strategy is usually more effective than changing strategy to fit the existing culture (David, 1997).

Successful and timely implementation of strategies requires sufficient resources in terms of financial, human, physical and technological resources and yet, resource insufficiency is a major challenge in the strategy implementation process. According to David (2003), allocating resources to different departments and divisions does not mean that strategies will be successfully implemented. This is because a number of factors commonly prohibit effective resource allocation and these factors include overprotection of resources, too much emphasis on short-run financial criteria, organizational policies, vague strategic targets, reluctance to take risks and lack of sufficient knowledge. Johnson and Scholes (2002) recommend that organizations should redirect resources to relevant activities due to changes in the business environment to prevent such resources from becoming redundant.

Finding and bringing on board the right people to implement and manage change is a significant challenge to the strategy management process in many organizations today. According to Bryson (1995), changes do not implement themselves. It is people that make them happen. Selecting people for key positions by putting a strong management team with the right personal chemistry and mix of skills is one of the important steps towards successful strategy implementation (Thompson and Strickland, 1998). Organizations should determine the kind of core management team needed to execute the strategy and then find the right people to fill each slot. Hunger and Wheelers (2000) recommends that this can involve hiring new people with new skills, while Bryson (1995) observes that people's intellect, creativity, skills, experience and commitment are necessary in creating order, cultural systems and structures that focus and channels effort towards effective strategy implementation.

Reward and motivational challenges also exist. Organizations often find it difficult to carry out their strategies because they have executive compensation systems that measure and reward performance in a way that ignores or even frustrates strategic thinking, planning and action (McCarthy et al, 1996). Johnson and Scholes (2002) observe that incentives such as salary raises, stock options, praises and increased job autonomy can encourage managers and employees to push hard for successful implementation of strategies.

According to Gilbraith and Merrill (1991), it is well understood that the basic underlying objective of incentive programme is to directly influence the action and behaviour of those covered under the programme. A properly designed programme must correspond in terms of motivating relevant decisions to the desired strategic outcome. In most organizations, incentive programmes are designed only for the top and lower levels of management and operative employees do not normally participate (Byars et al, 1996). For effective management of the strategy implementation agenda, the reward structure must be linked explicitly and tightly to the actual strategic performance (Thompson and Strickland, 1998). Bryson (1995) asserts that people must be adequately compensated for their work.

In order to be certain that strategy implementation is integrated into day-to-day operations, it is crucial that the reward system be congruent with the strategies being implemented. That is, implementation success or failure should trigger direct positive or negative consequences in both individual compensation and non-monetary reward (Judson, 1991). If strategy implementation is a top management priority, then the reward system must be clearly and tightly linked to strategic performance. The rewards are not simply monetary. The focus should be on rewards such as recognition and approval, which can be given more frequently than money (O'Reilly, 1989).

McCarthy et al (1996) argue that in many organizations, much effort has been put into both strategy formulation and resource allocation process as a way to improve implementation of strategies and other plans, but unfortunately, these efforts have not been significantly effective because the necessary measurement and reward or compensation systems that completes the cycle are lacking. Johnson and Scholes (2002) observes that incentives such as salary raise, stock options, promotions, fringe benefits, increased job autonomy and awards can encourage managers and employees

to push hard for successful strategy implementation. Motivating and rewarding good performance by individuals and organizational units are key ingredients in effective strategy implementation (Pearce and Robinson, 1997).

Change and its management is another important factor that determine how effective a given strategy will be implemented, since strategy is all about managing change and resistance to change can be considered the single greatest threat to this end. Hill and Jones (1999) define strategic change as the movement of an organization from its present state towards the desired future state to increase its competitive advantage. Change may cause conflict and resistance, and resistance to policies and proposals makes strategy implementation exercise difficult, expensive and prolonged (Lynch, 2000). Resistance to change results from anxiety to fear, economic loss, inconvenience, uncertainty and a break in the normal social patterns (David, 2003).

The approach to the management of strategic change needs to be context dependent. It will not be the same for all situations in all types of organizations. This calls for managers in organizations to balance and make rational decisions based on the prevailing circumstances in their organizations. Moreover managers need to be able to create the sort of organizational context that will facilitate change (Johnson and Scholes, 20020). Strategic change management process is still a major challenge to strategy implementation in most organizations today.

Existence of organizational politics, though unavoidable, remains another key challenge to the strategy implementation process. Organizational politics are tactics that strategic managers engage to obtain and use power to influence organizational goals and change strategy and structure to further their own interest (Hill and Jones, 1999). Wang (2000) recommends that it is important to overcome the resistance of powerful groups because they may regard the change caused by new strategy as a threat to their own power. Power struggles and coalition making in top management of most organizations is a major part of strategic decision making. The major challenge that organizations face today is to obtain a fit between the internal power structure and the dynamic, unpredictable and turbulent external environment. The environment is changing faster than the organizations can keep pace.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This is a case study on a medical logistics organization, Mission for Essential Drugs and Supplies (MEDS). The study seeks to gain insights into the organization's profile and the challenges it experienced in implementing its strategic plan (2003-2007) and those being experienced in the implementation of the current strategic plan 2008-2012 so as to assure its survival and growth.

A case study was chosen because it emphasizes on detail and this can provide important insights for problem solving and strategy evaluation (Cooper, 1995). According to Mutuku (2004), the advantage of a case study is that it enables an in-depth study and understanding of the concerned unit.

3.2 Data Collection

Both primary and secondary data was collected so as to provide a platform to comprehensively study the challenges faced by the organization in the implementation of its strategy. This is an important approach in a case study design as it requires that several sources of information be used for verification and comprehensiveness (Cooper and Schindler, 2003). Data collection in a case study is usually done using an interview guide, but in this particular study, a structured questionnaire was used, considering the diverse nature of information required, the type of data analysis technique employed and the number of respondents involved in the study.

Primary data was collected through a structured questionnaire administered to 15 respondents, while the secondary data was collected from the available industry data and the company data on file. Personal interviews for the primary data were also carried out with some members of the management committee (MC) and some sectional managers and officers on issues requiring further information or clarification. Detailed notes were taken during the interviews. The questionnaire had open-ended and closed –ended questions. Open –ended questions allowed collection of varied information while closed –ended questions gave more specific information on relevant issues.

According to Kothari (1990), personal interview method is suitable for intensive investigations. The structured questionnaire and the personal interview methods are selected as the most appropriate for primary data collection, taking into account the strategic approach of the study, as well as the complexity and the predominantly the qualitative and descriptive dimension of the phenomenon under investigation. A structured questionnaire allows a researcher to follow a link and seek clarifications to obtain a clear understanding of the issues. Secondary data was collected from the company's financial and human resources records and was used to provide further clarifications on unclear issues presented on the questionnaires.

3.3 Data Analysis

The data was predominantly qualitative and descriptive in nature and was analyzed using the conceptual content analysis and descriptive statistics. The data was coded and tabulated. Means and percentages were computed to represent, for example, the number of years worked in the organization, while means and standard deviations were computed to show the relative strengths of the various factors responsible for successful strategy implementation and those posing challenges to the process. The method has been used previously in a similar study by Muthuiya (2004), Ochanda (2005) and Riungu (2007). During the analysis, I also applied my own professional judgment of the information obtained from the respondents.

The contents of the detailed information obtained from the structured questionnaire and during the personal interviews were thoroughly analyzed to understand the challenges faced by the organization in the implementation of its strategy. The information from the primary sources and that from the secondary sources was grouped into themes and categories that define the challenges experienced by the organization in strategy implementation.

CHAPTER FOUR:

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter deals with data analysis and presentation of the findings. Structured questionnaires were used in this study. A five-point scale was used to rate the responses. Personal interviews were carried out with some respondents to obtain in-depth information and clarifications on unclear issues. The structured questionnaires were edited to ensure that the information captured was complete and consistent. The data collected was predominantly qualitative and descriptive and this was coded and tabulated to facilitate accurate presentation of the findings. Means, frequencies, standard deviations and percentages were calculated and presented in tables.

4.2 Background Information on Respondents

A total of fifteen respondents participated in the study. All the respondents that took part in the study were staff of the Mission for Essential Drugs and Supplies (MEDS). The following table gives a summary of the respondents' details:

Table 1: Respondents' Details

No. of Years in Position	Frequency	Percentage
< 1 Year	1	6.7
1-5 Years	7	46.6
6-10 Years	5	33.3
11-15 Years	1	6.7
16-20 Years	1	6.7
> 20 years	0	0
TOTAL	15	100

Source: Research Data.

Table 1 above shows that majority of the respondents (79.9%) had worked in the Mission for Essential Drugs and Supplies (MEDS) for between one and ten years. This implies that most of the respondents were working in the organization during the development and implementation of its strategic plans. They may therefore have been

involved in the development and design of the strategic plans. Those that have worked for one year or less came after the 2008 to 2012 strategic plan had been developed and launched, but were part of the implementation team. The respondents comprised members of the management team and senior officers.

4.3 Critical Factors and Processes Necessary for Strategy Implementation

For successful implementation of strategic plans, there are certain critical factors that are required. In order to find out the most critical factors that the Mission for Essential Drugs and Supplies (MEDS) needs to implement its strategic plans successfully, a five- point scale was used and respondents requested to rate the factors accordingly. The results are shown in Table 2

Table 2: Factors Responsible for Strategy Implementation

Factor	Mean Score	Standard Deviation
Annual Work Plans	3.67	0.865
Employee Training	3.20	0.258
Recruitment Policy	2.93	0.350
Resource Availability	3.27	0.350
Technical Skills	3.07	0.090
Leadership	2.60	0.516
Management Skills	3.27	0.350
Organization Culture	2.93	0.090
Organization Structure	2.93	0.090
Financial Management Systems	2.73	0.349
Monitoring and valuation	2.80	0.258
Communication Systems	2.67	0.426
Competency of Personnel	3.47	0.606
Staff Performance Appraisal System	3.27	0.349
Resource Mobilization	2.80	0.258
Systems and Procedures	2.73	0.349
Current Policies	2.73	0.349
Reward Policy	2.53	0.606

Source: Research Data.

The results in Table 2 show that the respondents in the study identifies critical factors necessary for effective, efficient and successful actualization of the organization's strategic plans. The critical factors identified include: Annual work plans (mean score 3.67), Competency of personnel (mean score 3.47), Resource Availability (mean score 3.27), Staff Performance Evaluation and Appraisal System (mean score 3.27) and Management Skills (mean score 3.27). The following factors on the other hand, appeared less critical to respondents in successful strategy implementation: Reward Policy (mean score 2.53), Leadership (mean score 2.60) and Communication Systems (mean score 2.67).

4.4 Strategy Implementation Challenges Encountered by the Mission for Essential Drugs and Supplies (MEDS).

The process of strategy implementation is the most complex and difficult part of strategic management. Organizations encounter various challenges, some of which are unique to particular organizations, while others cut across many organizations. The various challenges encountered in the process of implementing strategies have been described in the literature review above.

In order to determine the extent of the challenges that the Mission for Essential Drugs and Supplies encounters in its quest to implement its strategic plans, a five- point scale was used. The respondents were requested to rate the extent of challenge for each factor and the results summarized in Table 3.

Table 3: The extent to which a factor was found a challenge

Factor (Challenge)	Mean Score	Standard Deviation
Organization structure	2.93	0.090
Organization Culture	2.60	0.516
Major Obstacles Surfacing During Implementation	2.60	0.516
Time Originally Allocated for Implementation	3.27	0.349
Communication of Strategy to staff	3.27	0.349
Employee Capabilities	2.73	0.349
Acceptability of new Strategy by Stakeholders	3.27	0.349
Resources Availability	3.20	0.258
Monitoring, Planning and Co-ordination	3.00	0.000
Focus on new Strategy	3.20	0.258
Competing activities and crises against Strategy Implementation	3.47	0.349
Uncontrollable factors from External environment	2.93	0.090
Staff Training	2.93	0.090
Co-ordination of Implementation activity	2.80	0.258
Leadership from Sectional/Departmental Managers	3.00	0.000
Information Systems to Monitor Implementation	2.87	0.168
Participation of Key Formulators of Strategic Decisions	3.20	0.258
Advocates and Supporters of Strategic Decisions leaving during Implementation	2.73	0.349

Source: Research Data.

The results of the extent of effect of each challenge are presented in the Table 4:

Table 4: The extent to which the challenge of a factor had effect

Factor (Challenge)	Mean Score	Standard Deviation
Organization structure	3.60	0.770
Organization Culture	3.40	0.520
Obstacles Surfacing During Implementation	3.20	0.258
Time Originally Allocated for Implementation	3.27	0.349
Communication of Strategy to staff	3.10	0.129
Employee Capabilities	3.10	0.129
Faster Acceptability of new Strategy by Stakeholders	3.27	0.349
Resources Availability	3.27	0.349
Monitoring, Planning and Co-ordination	3.13	0.168
Focus on new Strategy	2.93	0.090
Competing activities and crises against Strategy Implementation	3.00	0.000
Uncontrollable factors from External environment	3.53	0.684
Staff Training	3.67	0.865
Co-ordination of Implementation activity	3.13	0.168
Leadership from Sectional/Departmental Managers	3.60	0.087
Information Systems to Monitor Implementation	3.00	0.000
Participation of Key Formulators of Strategic Decisions	3.13	0.168
Advocates and Supporters of Strategic Decisions leaving during Implementation	3.40	0.516

Source: Research Data.

The results in Table 3 show that the extents of challenge of the identified challenges vary considerably, with some challenges carrying much more weight than others. Those factors with largest extents of challenge include: competing activities and crises against strategy implementation process (mean score 3.47), time allocated for the implementation process (mean score 3.27), communication of the new strategy to staff (mean score 3.27) and acceptability of the new strategy by stakeholders (mean score 3.27). Factors with least extents of challenge include: advocates and supporters of strategic decisions leaving during the implementation process (mean score 2.73), organizational culture (mean score 2.60), obstacles surfacing during the implementation process (mean score 2.60) and co-ordination of implementation activity (mean score 2.80).

From Table 4, a bigger percentage of the identified challenges have almost the same extent of effect on the implementation of the organization's strategies, with mean scores between 3.00 and 3.67. The factors with largest extents of effect include: staff training (mean score 3.67), leadership from sectional/departmental managers (mean score 3.60), organizational structure (mean score 3.60), and uncontrollable factors from the external environment that impact on strategy implementation. The factors with least extents of effect include: focus on new strategy (mean score 2.93), information systems to monitor implementation (mean score 3.00) and communication of strategy to staff (mean score 3.10). Table 5 shows the overall effect of the challenges on strategy implementation as shown by the mean of means.

Table 5: Overall effect of the challenge on strategy implementation:

Factor (Challenge)	Mean Score for Extent of Effect	Mean Score for Extent of Challenge	Mean of Means
Organization structure	3.60	2.93	3.27
Organization Culture	3.40	2.60	3.00
Obstacles Surfacing During Implementation	3.20	2.60	2.90
Time Originally Allocated for Implementation	3.27	3.27	3.27
Communication of Strategy Organization Wide	3.10	3.27	3.19
Employee Capabilities	3.10	2.73	2.92
Acceptability of new Strategy by Stakeholders	3.27	3.27	3.27
Resources Availability	3.27	3.20	3.24
Monitoring, Planning and Co-ordination	3.13	3.00	3.07
Focus on new Strategy	2.93	3.20	3.07
Competing activities and crises Against Strategy Implementation	3.00	3.47	3.24
Uncontrollable factors from External environment and impact on Strategy Implementation	3.53	2.93	3.23
Staff Training	3.67	2.93	3.30
Co-ordination of Implementation activity	3.13	2.80	2.97
Leadership from Sectional/Departmental Managers	3.60	3.00	3.30
Information Systems to Monitor Implementation	3.00	2.87	2.94
Participation of Key Formulators of Strategic Decisions	3.13	3.20	3.17
Advocates and Supporters of Strategic Decisions leaving during Implementation	3.40	2.73	3.07

Source: Research Data.

Table 3 and Table 4 show challenges with different strengths. The pattern of the overall strength of each challenge on strategy implementation is shown in Table 5. The result shows the strength of a challenge on the strategy implementation process as a combination of the extent of effect of the challenge on the implementation process and the extent of challenge of the factor on the same process.

The respondents identified major challenges faced by the Mission for Essential Drugs and Supplies (MEDS) in its process of implementing strategic plans. The critical challenges identified (Table 5) include: Staff Training (mean score 3.30), Organizational Leadership (mean score 3.30), Organizational Structure (mean score 3.27), Acceptability of New Strategy by Stakeholders (mean score 3.27) and the Time Originally Allocated for the Implementation Process (mean score 3.27). Less critical factors identified include: Obstacles Surfacing during the Implementation Process (mean score 2.90), Employee Capabilities (mean score 2.92) and Information Systems to Monitor Implementation (mean score 2.94). Majority of the factors had mean score of 3.00 and above, underscoring their importance as challenges for the organization.

4.5 Uniqueness of the Challenges to Particular Departments or Sections in the Organization

The research was also aimed at finding out whether the challenges identified at the Mission for Essential Drugs and Supplies (MEDS) were unique to particular departments or sections in the organization or affected others as well. Table 6 shows the respondents' opinion as to whether the challenges were unique to particular departments or sections or affected others as well

Table 6: Uniqueness of the Challenges Encountered:

Response	Frequency	Percentage
Unique to Particular Dept/Section	0	0
Apply to other Departments/Sections	15	100

Source: Research Data.

The results show that the challenges of strategy implementation at the Mission for Essential Drugs and Supplies are not unique to a particular department or section but affect others as well. This received 100% rating and is consistent with the general understanding that strategy implementation imparts every part of the organization and that every individual in the organization has to think of what has to be done in his or her area and collectively to realize a successful implementation process.

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CHAPTER FIVE:

SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In the conclusions, the final chapter of this study, the results of the research are summarized and discussed. The chapter also highlights the limitations of the study, recommendations for further study as well as recommendations for policy and practice specific for the Mission for Essential Drugs and Supplies (MEDS).

5.2 Summary

The objective of this study was to establish the challenges faced by the Mission for Essential Drugs and supplies (MEDS) in the implementation of its 2003-2007 and the current 2008-2012 strategic plans. The strategy implementation process is easily the most complicated, challenging and time consuming aspect of strategic management process. The respondents in this study, all of whom were employees of the organization, identified the extent in which various factors are important in the implementation of the organization's strategies and also the extent to which various factors act as challenges to strategy implementation.

The study shows that the staffs at the Mission for Essential Drugs and Supplies (MEDS) are aware of the important factors that are necessary for successful implementation of the organization's strategic plans. The respondents were able to rate the factors according to strength of importance. The top ten conditions in their order of importance, beginning with the most important, include: annual work plans, competence of personnel, employee training, staff performance evaluation and appraisal system, resource availability and proper allocation, management skills, technical skills, organization's culture, organization's structure and resource mobilization. Others identified as less critical are monitoring and evaluation, organization's leadership, financial management systems, communication systems and procedures, current policies and the organization's reward policy.

By appreciating the factors necessary for successful strategy implementation, the organization, through the leadership of top management, is able to identify and tackle the various challenges that affect this process. The respondents in the study rated the various challenges according to their overall effect on the strategy implementation

process at the Mission for Essential Drugs and Supplies (MEDS). The following was the rating of the challenges in order of their effect, starting with the one with the most effect: adequate leadership from the departmental and sectional managers, adequate staff training, appropriate organization's structure, time allocated to the implementation process, faster acceptability of the new strategy by stakeholders, availability of adequate resources, distraction from competing activities and crises, and uncontrollable factors from the external environment. The respondents identifies the following as challenges with minimum effect: communication of the strategy to the staff, participation of key strategy formulators, monitoring, planning and co-ordination, maximum focus on strategy, advocates and supporters of strategic decisions leaving the organization and the organization culture. For the organization to successfully implement its strategic plans, these challenges have to be tackled systematically as outlined above.

The process of strategy implementation should be an organization wide exercise. Every department, section and individual should be involved and all employees should be made to appreciate that whatever task they undertake should be contributing to the realization of the overall goals and objectives of the organization. This in essence determines the overall strategic direction the company assumes. The study brought out clearly the aspect of organization wide involvement in strategy implementation. In MEDS, all departments are affected by the challenges outlined above in their quest to realize the strategies of the organization. It has to take the effort of each and every individual in the organization to tackle the challenges in order to succeed.

5.3 Discussions

For successful implementation of strategic plans, an organization needs to identify and appreciate the factors necessary for successful implementation and use them as strengths to overcome the various challenges that are encountered in the process.

5.3.1 Factors Identified for Successful Implementation of Strategic Plans at the Mission for Essential Drugs and Supplies (MEDS).

The research findings show that the staff at the Mission for Essential Drugs and Supplies (MEDS) are aware and appreciate the various factors that are essential for successful implementation of strategic plans. The emphasis is for the organization to

perfect these factors and use them as strengths to overcome any challenges that may arise. The critical factors identified as ingredients for successful implementation of the organization's strategic plans are discussed below.

Annual work plans (objectives) are sets of activities and tasks that employees identify and endeavour to accomplish on an annual basis. These plans should echo the main goals and objectives of the organization. They lie at the very heart of strategy implementation (Stoner et al 2001). They precisely state what should be accomplished each year to achieve organizational goals. Annual objectives serve as guidelines for action, directing and achieving efforts and activities of the organization. They provide a source of legitimacy in an enterprise by justifying activities to stakeholders (Alexander 1985). According to David (1997), annual objectives are essential for strategy implementation success because they represent the basis for allocating resources and provide an instrument for monitoring progress toward achieving long-term objectives.

Competency of personnel is closely related to employee training and it revolves around technical skills, management skills, organization skills and leadership skills. Competency of personnel is a crucial component of human resource needed for successful implementation of strategic plans. According to David (2003), for organizations to achieve their desired goals and objectives, they need at least four types of resources and competent human resource is one of them. Harvey (1998) stresses that the organization must have the resources needed to carry out each part of the strategic plan. The other resources that are to be adequately availed for an organization to successfully actualize its strategies are financial, physical and technological resources. According to Campbell et al (2002), once a strategy has been selected, the management's attention should shift towards evaluating the resource implications of the strategy management process.

Staff performance evaluation and appraisal system is critical in ensuring that staff performance is at peak all the time and that their competency is increased by identifying training needs and actualising them. It is also linked to the reward system or executive compensation. Mc Carthy et al (1996) points out that, organizations often find it difficult to carry out their strategies because they have executive compensation systems that measure and reward performance in a way that ignores or even frustrates

strategic thinking, planning and action. Thompson and Strickland (1998) states that for effective management of the strategy implementation agenda, the reward structure must be linked explicitly and tightly to the actual strategic performance.

Organizations require good management skills for them to successfully implement their strategic plans. Managers should have the capabilities to drive the implementation process. Such capabilities revolve around proper leadership. According to Pearce and Robinson (2003), leadership ensures that the organizational effort is united and directed towards achieving its goals and objectives. Leadership provides the organization with vision, initiative, motivation and inspiration that affect the performance of the organization

5.3.2 Challenges of Strategy Implementation at the Mission for Essential Drugs and Supplies (MEDS)

Strategy implementation process is easily the most difficult and complex stage of strategic management process. The complexity arises from the fact that the stage involves interplay of various unrelated factors, it involves introduction of change and its management and it is prone to interruptions from external environmental factors which the organization has no control over. The critical complexity is the identification and management of the various challenges that affect the strategy implementation process. The respondents in this study identified the following challenges as critical for the organization as it endeavours to realize its strategic plans:

Adequate staff training and development determines staff competence and as discussed above, is an important element in successful implementation of strategic plans. Staff training equips individuals with management and technical skills necessary for driving the implementation process forward. This is a critical resource for the organization. According to Harvey (1998), the organization must have the resources needed to carry out each part of the strategic plan. Competent human capital is a fundamental part of this resource and this is a challenge to the organization. David (1997) stresses that insufficient resources are a common strategy implementation challenge.

Adequate organizational leadership is another important challenge identified. Barnajee (1999) observes that the leadership influence is in three major areas: does the leader have a vision? Does the leader have powers? Does the leader have the political astuteness necessary to neutralize negative effects of conflicting internal interests and transform these sectional interests into a vector of co-ordination policies and activities that support the overall company? Bartol and Martin (1991) states, that leadership is a process of influencing others towards the achievement of organizational goals.

Proper leadership will facilitate both management and employee participation in strategic management process in organizations. The organizational leadership should cultivate team spirit and act as a catalyst in the whole process of strategy implementation (Bryson, 1995). The leadership challenge is to galvanize commitment among people within an organization as well as stakeholders outside the organization to embrace change and implementation strategies intended to position the organization. Leaders achieve this by clarifying the strategic intent, building an organization and shaping organizational culture (Pearce and Robinson, 2002)

Appropriate organization structure is the other challenge identified. According to Chandler (1962), there is an intrinsic association between strategic thinking and structure. A proper organization structure should facilitate teamwork, commitment to organization's policies, proper communication and an efficient control system. For effective strategy implementation, there has to be compatibility between the strategy and the structure of the organization. According to Mintzberg and Quinn (1991), the weakness of most organizational structures is lack of emphasis and co-ordination and how to effectively implement organizational plans and policies.

Faster acceptability of the new strategy by stakeholders is another important challenge for the organization. Stakeholders in this case comprise of all those parties that have direct or indirect bearing on the operations and activities of the organization. Implementation of new strategy is part of initiating change in organizations and change is resisted in many organizations. According to Wang (2000), the strategy implementation process often encounters barriers because of the deep-rooted cultural biases and rigidities. Rigid cultures pose resistance to the implementation of new strategies. This is due to the fact that, people in such organizations with defender

cultures see change as threatening and tend to favour continuity and security. Lynch (2000) stresses that change may cause conflict and resistance, and resistance to policies and proposals makes strategy implementation exercise difficult, expensive and prolonged.

Time allocated for the implementation of the strategic plans has been identifies as another important challenge. Time allocated for the process becomes a challenge due to emergence of competing activities and crises that distract the organization from the implementation process and resistance to change. Lynch (2000) confirms that resistance to policies and proposals make strategy implementation process difficult, expensive and prolonged. Distraction from competing activities and crises is a challenge that arises from leadership as discussed above. Leadership should provide the focus needed for the process. Pearce and Robinson (2003) confirm that leadership ensures the organizational effort is united, directed and focused towards achieving its goals and objectives.

5.3.3 Uniqueness of the Challenges to Particular Departments or Sections within the Organization

Strategy implementation process is a collective task that cuts across the entire organization. It requires strategic thinking, planning, co-ordination, monitoring and evaluation functions that are organization wide. Hill and Jones (2001) confirms that both management and employee participation is required in strategic management process in organizations. Organizations should not treat this as a top management process. Such strategies formulated and implemented without middle level management and employee participation cannot be successful.

No single department, section or individual can successfully realize strategy for the entire organization. All managers and their subordinates therefore become strategy implementers in their areas of authority and responsibility and collectively pull together with other departments or sections to realize the organization's strategic plans. This, by extension, means that the challenges that emerge during the implementation process affect the entire organization and have to be tackled organization wide and not as individual departments or sections. According to Byars (1991) one of the key methods available to management is creating an overall sense of

direction and purpose in the organization through strategy planning and implementation.

5.4 Conclusions

Organizations must embrace strategic management to remain competitive and relevant in the ever-changing business environment where customer tastes and preferences and technology are more dynamic than ever. Competition has gone a notch higher and with internet, the level of customer awareness about quality products and service is greater than ever before. This means that the top management of organizations must constantly scan the environment and align their organizations' processes and activities to fit the changes in the environment. Successful strategic management enables organizations to achieve this fit. The strategy that organizations choose must be flexible in order to accommodate the environmental changes.

This study was able to identify the critical factors that are important in the implementation of the Mission for Essential Drugs and Supplies' (MEDS') 2003-2007 and 2008-2012 strategic plans and challenges the organization is facing in its quest to implement the strategic plans. It has also brought out the fact that strategic management and in particular, successful implementation of strategic plans is a collective responsibility of individuals in the organization regardless of position, department or section. There has to be adequate planning, monitoring and evaluation of the process to ensure that it is on the right track, timely and that there is a fit between the chosen strategy and the changes in the external environment, the organization culture and structure for the implementation to be successful.

5.5 Limitations of the Study

This study focused on a single faith-based organization whose operations are not-for-profit. It is expected that the challenges encountered in the implementation of strategies in non-faith based for-profit organizations would be different from those of a non-profit faith-based one. A similar study of a private-for-profit firm should be carried out to compare the challenges of successful strategy implementation.

The other fundamental limitations of this study included: limited time to carry out thorough interviews and delve deeper into the issues under investigation, no research has been done on a similar organization that can provide avenue for comparison of

findings and the respondents interviewed were all drawn from the top and middle management of the organization, hence diversity of opinion was limited.

5.6 Recommendations for Further Research

I recommend further research on challenges of strategy implementation in a commercial (private- for – profit) medical logistics organization. If possible, a survey of the main medical logistics organizations is recommended in order to draw valid conclusions about challenges encountered in strategy implementation and strategic management in general. Another dimension to this research could be the use of an interview guide to collect data. This can be used to establish whether the results and conclusions obtained differ significantly from what this study has established. This will also allow a comparison between the interview guide and the structured questionnaire as data collection tools in this kind of study.

5.7 Recommendations specific to the Mission for Essential Drugs and Supplies (MEDS)

The objective of this study was to identify the challenges that MEDS face in its quest to implement its strategic plans. Through this study, the Mission for Essential Drugs and Supplies (MEDS) and similar organizations can appreciate the extent of the challenges and the extent of effect they have on the process of strategy implementation and devise ways of tackling them to realize their goals and objectives. Once the challenges are identified, the organization has to tackle them systematically so as to succeed in the implementation process. From the information availed on the questionnaires and personal interviews, there is urgent need for the top management, to devise ways of tackling the challenges identified before the implementation process can proceed successfully.

The organization's management has to provide the necessary leadership to steer the implementation process. Leadership in this context means that the management is identified with the strategy management process; it owns it and drives it. This should be reflected in the annual work plans. Leadership also entails motivating subordinates, empowering them and objectively rewarding individual sterling strategic performance. The management needs to ensure that the entire organization understands the new strategy and what role each individual is to play to realize the strategies. Information flow should be seamless and in all directions. The organization

also needs to identify skills needed for successful implementation of its strategies, identify suitable staff and train them to improve their competence. The recruitment policy should be streamlined to correspond with the strategic needs of the organization. This requires accurate human capital forecasting and planning.

The respondents also felt that the current organization structure is an impediment to the strategy implementation process. There is a mismatch since the current structure is seen as being too rigid such that there is a tendency to resist change and any new ideas floated and it is imperative for it to be changed in line with the strategy the organization has chosen. There needs to be more focus on the new strategy. The managers need to embrace strategic thinking and put less effort in operational issues and fire-fighting.

There is also need for increased monitoring and evaluation of the implementation process. Emerging crises and competing priorities tend to derail the process. It is imperative for the organization to establish an implementation team headed by strategy implementation co-ordinator to oversee the process to its completion. The strategic plan co-ordinator should not have any other competing functions to avoid loss of focus. The strategic implementation co-ordinator should provide periodic updates on the progress of the implementation process and ensure that the entire organization is informed.

The top management should provide overall leadership in resource allocation to avoid departmental rivalry for resources. From the discussions above, adequate resources coupled with proper allocation is a recipe for successful strategy implementation. The leadership from the top management should also ensure that strategy implementation exercise is an organization wide process. Every individual should play a role regardless of departments or sections, since the implementation outcome affects the entire organization.

The staff performance review and appraisal system needs to be restructured to reflect the new strategic direction of the organization. The employees should be able to relate the individual objectives with the overall goals and objectives of the organization and be made to understand that whatever task or activity they undertake on a daily basis is geared towards the realization of long term plans of the organization. The

recommendations from the managers and supervisors should be analyzed and acted upon so as to tackle some of the weaknesses exhibited by employees that touch on their competence. It should be emphasized that adequate employee competence is necessary for successful strategy implementation.

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APPENDICES

Appendix (i): Introduction Letter

Dear Respondent,

Re: MBA Project Research.

I am an MBA student at the University of Nairobi and I am carrying out a study as a partial fulfilment for the award of Master of Business Administration Degree.

My research is on the Challenges of Strategy Implementation at the Mission for Essential Drugs and Supplies (MEDS). I hope the results of the study will help MEDS and similar organizations effectively put strategies in place to sustain their competitiveness. In order to gather information for the project, I have attached a questionnaire and kindly request you to complete it.

The information collected will be used for academic purposes only.

Thank You.

Yours truly,

Samuel, K. Ong'ale,
RESEARCHER

Appendix (ii): Questionnaire:

Topic: Challenges of Strategy Implementation at the Mission for Essential Drugs and Supplies (MEDS)

You are required to answer each of the questions according to the instructions given below:

PART A: - Details of the Respondent

1. Position held: -----
2. Number of years in position: -----
3. Department/Section: -----

PART B: - Strategy Implementation

To what extent is the implementation of the documented Mission for Essential Drug and Supplies' (MEDS) strategy characterized by each of the following? Use a 5- point scale where: 1= Not at all, 2= Little Extent, 3= Moderate Extent, 4= Great Extent, 5= Very Great Extent. Tick accordingly.

Human Resource Support:

- | | 1 | 2 | 3 | 4 | 5 |
|---|-----|-----|-----|-----|-----|
| • The management staff has the skills that enable successful strategy implementation. | () | () | () | () | () |
| • MEDS employee training since 2003 is geared towards strategy implementation. | () | () | () | () | () |
| • MEDS staffs are given technical skills needed for the implementation of the current strategic plan. | () | () | () | () | () |
| • Since 2003, there has been an increase in staff training to enhance their ability to implement the new strategy. | () | () | () | () | () |
| • The recruitment policy of MEDS since 2003 supports strategy implementation. | () | () | () | () | () |
| • Staff appraisal system supports strategy implementation. | () | () | () | () | () |
| • The reward policy of MEDS supports the strategy implementation. | () | () | () | () | () |
| • When recruiting new employees, the human resources team assesses the competences of the personnel so they are compatible with the new strategy. | () | () | () | () | () |

1 2 3 4 5

- MEDS has a database of existing skills and experience established and regularly updated in order to support strategy implementation. () () () () ()

Organizational and Management Support:

- MEDS has annual work plan to support the implementation of new strategy. () () () () ()
- The Management Committee (MC) of MEDS since 2003 has been in the forefront in providing leadership to enable strategy implementation. () () () () ()
- There has been change in the organization structure of MEDS since the launch of the current strategic plan. () () () () ()
- The current organization structure of MEDS supports the implementation of the current strategy. () () () () ()
- The current organization culture of MEDS supports the implementation of its strategic plan. () () () () ()
- The systems and procedures established by MEDS supports strategy implementation () () () () ()
- The physical, human and financial resources required for strategy implementation are readily and adequately available. () () () () ()
- MEDS policies since 2003 adequately support the organization’s strategic plan and its implementation. () () () () ()
- MEDS always refers to the current master plan when planning to execute its activities () () () () ()
- Systems of communication have been developed to enhance access to information that support strategy implementation. () () () () ()

1 2 3 4 5

- MEDS maintains financial management systems to ensure proper utilization of funds, accountable financial monitoring and efficient reporting, all geared towards strategy implementation. () () () () ()

Resource Mobilization:

- Over the last two years, there has been increased access to government and donor funds to MEDS. () () () () ()
- Since 2003, MEDS has been exploring and accessing local sources of funding to take advantage of the untapped local resources including from individuals, companies and multinational corporations. () () () () ()

Others: Please Specify:

- _____

_____ () () () () ()
- _____

_____ () () () () ()

PART C: - Strategy Implementation Challenges:

Organizations face a myriad of challenges in the effort to implement their strategies. In your view, how do you rate the extent of challenge and the extent of effect to which each of the following factors affect the implementation of MEDS strategic plans (2003-2007) and (2008-2012). Use a 5- point scale where: 1= Not at all, 2= Little Extent, 3= Moderate Extent, 4= Great Extent, 5= Very Great Extent. Tick accordingly.

- | | <u>Extent of Challenge</u> | | | | | <u>Extent of Effect</u> | | | | |
|--|----------------------------|-----|-----|-----|-----|-------------------------|-----|-----|-----|-----|
| | 1 | 2 | 3 | 4 | 5 | 1 | 2 | 3 | 4 | 5 |
| • Implementation took the time that was originally allocated. | () | () | () | () | () | () | () | () | () | () |
| • No obstacles surfaced during implementation that had not been identified beforehand. | () | () | () | () | () | () | () | () | () | () |
| • There was adequate communication of the strategy to the staff. | () | () | () | () | () | () | () | () | () | () |

	<u>Extent of Challenge</u>					<u>Extent of Effect</u>				
	1	2	3	4	5	1	2	3	4	5
• Capabilities of employees involved were adequate.	()	()	()	()	()	()	()	()	()	()
• There was faster acceptability of the new strategy by MEDS stakeholders.	()	()	()	()	()	()	()	()	()	()
• Resources made available were adequate.	()	()	()	()	()	()	()	()	()	()
• Monitoring, planning, co-ordination and sharing of responsibilities was well defined.	()	()	()	()	()	()	()	()	()	()
• There was maximum focus on the new strategy.	()	()	()	()	()	()	()	()	()	()
• Competing activities and crises distracted attention from implementing the strategy.	()	()	()	()	()	()	()	()	()	()
• Uncontrollable factors in the external environment did not have adverse impact on strategy implementation.	()	()	()	()	()	()	()	()	()	()
• Adequate training of staff.	()	()	()	()	()	()	()	()	()	()
• Supportive organizational culture.	()	()	()	()	()	()	()	()	()	()
• Adequate co-ordination of the implementation activity.	()	()	()	()	()	()	()	()	()	()
• Leadership provided by departmental or sectional managers was adequate.	()	()	()	()	()	()	()	()	()	()
• Information systems used to monitor implementation were adequate.	()	()	()	()	()	()	()	()	()	()
• Key formulators of the strategic decisions played active roles in their implementation.	()	()	()	()	()	()	()	()	()	()
• Appropriate organizational culture.	()	()	()	()	()	()	()	()	()	()

<u>Extent of Challenge</u>					<u>Extent of Effect</u>				
1	2	3	4	5	1	2	3	4	5

- Advocates and supporters of strategic decisions did not leave during implementation.

Any Other: Please Specify Below:

- -----

- -----

- Are these challenges unique to your department /section or apply to others as well. Please tick as appropriate.
 (a) Unique to my department/section
 (b) Apply to other departments/sections

- Which suggestion(s) would you give that will help MEDS avoid or minimize challenges in strategy implementation? -----

- Please give any other comment or suggestion you may have regarding the subject of this research. -----

Thank you for your time.