

CHALLENGES OF STRATEGY IMPLEMENTATION AT LAKE VICTORIA  
SOUTH WATER SERVICES BOARD, KENYA

BY  
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## DECLARATION

This research project is my original work and has not been submitted for examination at any other university.

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This research project has been submitted for examination with my approval as the  
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## DEDICATION

This research project is dedicated

To my loving wife Sophia and mother Peris Kemunto,

And

To my dear children Onyari Jr, Craig, Bogeta Bosibori and friends for their humility and support throughout my study period.

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## ABSTRACT

A strategy of an organization describes the way that organization will pursue its goals, given the threats and opportunities in the environment and the resources and capabilities for the organization. Strategy implementation involves every person in an organization and is concerned with making decisions with regard to determination of the organization's mission, vision, philosophy, objectives, strategies and functional policies. It is also involves the development of long range plans for effective management of environmental opportunities and threats in light of the organization's strengths and weaknesses.

Before strategy implementation is done or executed, strategy formulation, analysis of alternative strategies and strategic choice shall have been accomplished, while these phases are important they alone cannot ensure success. The strategy must be translated into concrete action and that action must be carefully implemented.

The research project is a case study of Lake Victoria South Water Services Board. Whose objectives are to investigate the challenges that are encountered by the Board while implementing her strategies and establish measures taken by the Board to cope with the challenges encountered.

This current study seeks to examine the challenges that face strategy implementation at LVSWSB. The study will adopt a case study research design where all water services providers within LVSWSB will be eligible as key informants. The study findings are expected to document the challenges impeding strategy implementation. The recommendations will be drawn at legislative, government policy and LVSWSB management policy interventions towards mitigating these challenges.

## LIST OF ABBREVIATIONS

BOARD	:	Lake Victoria South Water services Board.
BOD	:	Board of Directors
CEO	:	Chief Executive Officer
LVSWSB	:	Lake Victoria South Water Services Board
MBA	:	Master of Business Administration
SBU	:	Strategic Business Unit
UFW	:	Unaccounted for water
WSB	:	Water Service Boards
WSP	:	Water Service Providers

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background to the Study

A strategy is a management's action plan for running the business and conducting operations. The crafting of a strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company's financial and market performance. Thus a firm's strategy is all about how- how management intends to grow the business, how it will build a loyal clientele and compete rivals, how each functional piece of the business will be operated and how performance will be boosted.

Implementing strategy and managing change is difficult at best not only do a multiplicity of solutions exist, but the strategy manager also confronts the natural resistance to change. Machiavelli (1962) warned the prince that there is nothing more difficult and dangerous, or more doubtful of success, than an attempt to introduce a new order of things ...enemies (are) all those who derived advantage from the old order of things, while those who expect to be benefited by the new institutions will be but lukewarm defenders. The implementation of strategy flows and is determined by the formulation of strategy, which is in turn shaped by the opportunities and threats of the external environment, the distinctive competences of the internal environment and the purpose.

David (2003) argues that strategy implementation has to be in tandem with the resources available. It is not possible to implement a strategy which requires more resources that can be made available by the Company. Inadequate resources will tend to inhibit implementation process. Pearce and Robinson (1997) explain that one of the key support systems towards strategy implementation is information. To stay informed of how well the implementation process is going, Managers need to develop networks of contacts and sources of information, both formal and informal.

### **1.1.1 Strategy Implementation**

Strategy implementation involves establishing programs to create a series of new organizational activities, budget to allocate funds to the new activities and procedures to handle the day to day details. Program make strategy action oriented. It is the third stage in strategy making process. It is an operations-oriented, make things happen activity aimed at performing core business activities in a strategy-supportive manner, implementation is most demanding and time consuming part of strategy management process. Implementation requires assessing what the company will have to do differently, or better, given its particular operating practices and organizational circumstances, to execute the strategy competently and achieve the targeted financial strategic performance.

Galbraith (1994) building upon the major foundation of Lorsch (1974) showed that a firm needs congruence between structure, people, rewards, information and decision processes in order to implement strategy successfully. Both Galbraith and Lorsch linked the degree

of congruence to the level of the firm's performance. The firm should match its structure to its strategy, match all the components of the organization with one another, and match the strategy with the environment. Further, they stressed that congruence among organizational structure, processes and systems is the important factor, not fit with the environment. Nonetheless, (Galbraith, 1978) also pointed that time complicates matters. Congruence must be balanced between short run and the long run.

Strategy implementation entails converting the strategic plan into action and then into targeted results. It also requires ample resources to those activities critical to strategic success, ensuring that policies and procedures facilitate rather than impede effective execution using best practices to perform core business activities and pushing for continuous improvement, installing information and operating systems that enable company personnel to better carry out their strategic roles day in day out, motivating people to pursue the target objectives energetically and if need to be, modifying their duties and also behaviour to better fit the requirements of successful strategy execution, marshalling sufficient money and people behind the drive for strategy execution, tying rewards and incentives directly to the achievement of performance objectives and good strategy execution, creating a conducive company culture and work climate, and finally executing the internal leadership needed to drive implementation forward (Yabs, 2007).

Strategy implementation involves every person in an organization and is concerned with making decisions with regard to determination of the organization's mission, vision,

philosophy, objectives, strategic and functional policies. Not all well developed strategies are implemented successfully. This may be contributed by one or more of the following; the implementation taking more time than originally planned, ineffective ordination of activities, competing activities and crisis take attention away from implementation, lower level employees are inadequately trained, involved employees have insufficient capabilities to perform their jobs, uncontrolled external environmental factors create problems, key implementation tasks and activities are poorly defined, the information systems inadequately monitor activities, departmental managers providing inadequate leadership and direction, and unanticipated major problems arose (Sababu, 2007).

### **1.1.2 Lake Victoria South Water Services Board**

Lake Victoria South Water Services Board (LVSWSB) is one of the eight water service boards that were established under the Water Act 2002 vide gazette Notice 1714 of 12<sup>th</sup> March 2004 as a state corporation reporting to the Ministry of Water and Irrigation. LVSWSB was launched on 7<sup>th</sup> December 2004. It covers Nyanza and parts of Rift Valley provinces with an estimated area of 21,720 km<sup>2</sup>

The Board's mandate is to ensure efficient and economical provision of water and sanitation services in its area of jurisdiction in line with Water Act 2002 through planning and developing water service infrastructure, own and manage water and sewerage related assets, develop and license water service providers (WSP) as its agents, build capacity of community based organizations to access funding from Water Services Trust Fund and other funding agencies and exercise such powers and functions as imposed on it by the Water Act 2002 or any other Act.

The Board's vision is to be the most efficient and effective water service Board with a mission to ensure the provision of safe, adequate and sustainable water and sanitation services for economic growth by developing viable water service providers and facilities. Her corporate values are developed under the acronym of PEACE i.e. to be professional in all her activities/operations, ensure teamwork, an equal opportunity employer, customer focused and exercise corporate social responsibility.

The Board has eleven Board of Directors drawn from a diverse mix of skills and expertise. They include high level executives from Ministry of Water and Irrigation, Ministry of Finance, Ministry of Local Authorities, a representative from State Corporation's office among others. The Chief Executive Officer (CEO) is the accounting officer responsible for the day to day operations and administration of the organization in consultation with the Board of Directors; He is the secretary to Board of Directors (BoD). The BoDs is responsible for the review and approval of the Board's policies and monitoring the functions of the Board.

The Board has an organization structure which has taken into consideration ever changing environment. It has three departments namely; Technical services, Finance and Administration, Corporate planning services. Each department has Divisions and units. Finances that run LVSWSB are obtained from recurrent revenue and Development funds from the Government of Kenya through the normal budgetary process, Donor funding

through project proposals or grants, Water Services Trust Fund, Levies/Fees from the nine contracted water service providers within her area of jurisdiction.

## **1.2 Statement of the problem**

Implementing strategy and managing change is difficult at best. Not only, does a multiplicity of solutions exist, but the strategic manager also confronts the natural resistance to change. Machiavelli (1962) warned the prince that “there is nothing more difficult and dangerous or doubtful of success, than an attempt to introduce a new order of things....enemies (are) all those who derived advantages from the old order of things, while those who expect to be benefited by the new institutions will be but lukewarm defenders”. Mintzberg (1994) noted that the plan, rather than the implementation comes in for scrutiny because it is less problematic to analyze. May be this is because, whereas the plan can be crafted under pollution-free, almost laboratory conditions, executing the plan takes place in the real world infected with real world variables. But the whole point of strategy is that it will be implemented and implemented successfully.

The strategic manager has to review the seven dimensions of managerial action that the management consultants McKinsey and company call the ‘7S’ model: Strategy, Structure, Systems, Skills, Staff, Style and Shared values. In strategy implementation, the seven dimensions of managerial action are common at all levels of strategy. Johnson (2004) argues that implementation of appropriate strategies remain one of the most difficult areas of management. Considerable though, energy and resources is given over to devising a strategic plan. It is the fine detail of the plan that attention turns to when

things go wrong. Other researchers have noted that, the best-formulated strategies may fail to produce superior performance for the firm if they are not successfully implemented.

Lake Victoria South Water Services Board like many other organizations operates in an ever changing environment and is therefore compelled to align her strategies to fit the turbulent environment for survival and remain competitive in the market place. The board has endeavored in selecting appropriate strategies to make her relevant in providing water and sewerage services in an effective and efficient manner. Though, since inception the Board has made significant improvements in terms of revenue collection, reduced unaccounted for water (ufw), communication, access to water and sewerage services, billing, reliable water, still there are challenges in ensuring that all her customers have access to reliable services, sound financial management systems in place, major rehabilitation of her assets and human resources competences are employed.

In order to address the above shortfalls, the Board of Directors and management have revised the strategic plan (2005-2010) to cope with these challenges. The Technical services department which plays a key role in services provision has been empowered with competent staff and adequate equipment to achieve organizational objectives. The strategic plan has annual, short term and long term objectives in a 5 year period ending June 2010. The Board was expected to have implemented the specific strategies to the satisfaction of her publics, but to the contrary, her publics are not satisfied due to inadequate access to water and sewerage services, inadequate staffing to serve the entire



Board area, low service hours, poor water quality, water supply disruptions due to electricity disconnection by Kenya Power and Lighting Company for nonpayment of huge electricity bills and weaknesses in good corporate governance.

Despite the fact that a lot of research work has been done on strategy implementation by previous researchers (Aosa, 1992; Kimeli, 2008; Koske, 2003 & Okumus, 2003) a knowledge gap exists as none of them has focused on strategy implementation at Lake Victoria South Water Services Board. The challenges faced in strategy implementation at Lake Victoria South Water Services Board will be unique, consequently requiring unique approaches to address them. Therefore the study seeks to answer the following questions:

- i) What are the challenges encountered at Lake Victoria South Water Services Board in strategy implementation?
- ii) Which mechanism has Lake Victoria South Water Services Board taken to cope with these challenges?

### **1.3 The Research Objectives**

The research seeks to ascertain the following objectives;

- i) To investigate the challenges encountered by Lake Victoria South Water Services Board in strategy implementation.
- ii) To establish measures taken by Lake Victoria South Water Services Board to cope with the challenges encountered in strategy implementation.

## **1.4 Significance of the Study**

The study will not only provide an insight of the challenges encountered in strategy implementation by Lake Victoria South Water Services Board, but also assist other Water Services Boards and Water Service Providers in establishing mechanisms to enhance successful strategy implementation.

The policy makers will gain valuable information to guide them in making informed opinion for successful strategy implementation, Academics and business researchers will use the findings of this research to support literature citations as well as develop themes for further research in areas of identified knowledge gap, Investors will also use the findings in evaluating water sector potential for financing and technical support to water service Boards and WSPs. The study will also assist the Board to come up with appropriate tools for monitoring and controlling her strategies for successful implementation.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Strategic Management

Strategic management is that set of managerial decisions and actions that determines the long-run performance of a corporation (Hunger, 2006). It includes environmental scanning, strategy formulation (strategic or long-range planning), strategy implementation, and Evaluation and Control. It emphasizes the monitoring and evaluating of external opportunities and threats in light of a Corporation's strengths and weaknesses. Research has revealed that organizations that engage in strategic management generally out-perform those that do not (Andersen, 2000). The attainment of an appropriate match or 'fit' between an organization's environment and its strategy, structure and processes has positive effects on the organization's performance, among them are; There is a clearer sense of strategic vision for the firm, there is a sharper focus on what is strategically important, and there is improved understanding of a rapidly changing environment (Wilson,1994).

Strategic management process constitutes four basic elements, these are; Environmental scanning, strategy formulation, strategy implementation, strategy evaluation and control (Smith, 1998). The strategic management process can best be studied and applied using a strategic management model. Organizations use the model not necessarily as illustrated in figure 2.1 some stages or processes may be omitted or adjusted to suit existing conditions. Environmental scanning is the monitoring, evaluating and disseminating of information from the external and internal environments to key people within the

corporation. It's purpose is to identify strategic factors, external and internal elements that will determine the future of the corporation. This is done through SWOT analysis.

**Figure 2.1 Strategic Management Model**

Environmental scanning,	Strategy formulation,	Strategy implementation,	Evaluation and control
Gathering information External opportunities and threats. Societal Environmental industry analysis. Internal strengths and Weaknesses Structure Culture Resources	Developing long range plans Mission Objectives Strategies Policies	Putting strategy into action Programs Budgets Procedures	Monitoring performance Performance and Action

Source: Sababu, M. B. (2007) Strategic Management: The Analytical Approach

A strategy of a corporation forms a comprehensive master plan that states how the corporation will achieve its mission and objectives. It maximizes competitive advantage and minimizes competitive disadvantage (Symonds, 2003). Business firms use all the three types of strategy simultaneously i.e. Corporate, Business and Functional. Corporate strategy is an organizational process, in many ways inseparable from the structure, behavior and culture of the company in which it takes place (Pearce, 2004). It describes a company's overall direction in terms of its general attitude toward growth and the management of various businesses and product lines.

Business strategy usually occurs at the business unit or product level and it emphasizes improvement of the competitive position of a corporation's products or services in the specific industry or market segment served by that business unit. It can either be competitive or cooperative or both. Functional strategy is the approach taken by a functional area to achieve corporate and business unit objectives and strategies by maximizing resource productivity. Functional strategies support business strategies, which in turn support the corporate strategy. The way in which distinctive competences, organizational resources, and values are combined is and should be unique for each organization and each situation (Andrews, 1980). This clearly shows that strategy is context sensitive.

Evaluation and control is a process in which corporate activities and performance results are monitored so that actual performance can be compared with desired performance. Managers at all levels use the resulting information to take corrective action and resolve problems. Evaluation and control can also pinpoint weaknesses in previously implemented strategic plans and thus stimulate the entire process to begin again. Performance is the end result of activities (Simon, 1957). The practice of strategic management is justified in terms of its ability to improve an organization's performance, typically measured in terms of profits and returns on investment. Evaluation and control of performance completes the strategic management model.

Based on performance results, management may need to make adjustments in its strategy formulation, in implementation or in both. Evaluation and control information must be relevant to what is being monitored. One of the obstacles of effective control is the difficulty in developing appropriate measures of important activities and inputs. Three major controls may be employed during strategy implementation and control; Input control to focus on resources, such as knowledge, skills, abilities, values and motives of employees. Behaviour control specify how something is to be done through policies, rules, standard operating procedures, and orders from a superior, and Output control specify what is to be accomplished by focusing on the end result of the behaviours through the use of objectives and performance targets or milestones (Muralidharan, 2008).

## 2.2 Strategy Formulation

The strategy formulation process leads to a chosen strategy. The purpose of the strategy process is to cause strategic thinking that conceives the future of the enterprise and how that future may be secured. It should provide a mechanism to ease communication of ideas and coordinate efforts. It should inject structure but not rigidity into the thinking. More after in practice, however, it is apparent that the future of the enterprise is less secure than it might be, so there is a need to consider and formulate suitable new strategies which are geared to increasing the chance of success. The strategy formulation process is important because a 'better' process should produce better strategies. Successful firms adopt a formulation process that matches their business, their culture and the specific issue of the context. They certainly do not all go about formulating the strategy in the same way.

In practice, strategy processes may be formal or informal, simple or complex. Strategy formulation process should be tailored to the current needs of the organization, managers are required to understand the process used to generate strategies in the past and consider how to develop that process in the future with appropriate minor or major adjustments. Brews (1999) argue that planning processes need several years to bed down and begin to produce results – this implies gradual development of the existing process. Mintzberg (1994) suggest that highly formalized approach to strategic planning may actually prevent strategic thinking, this calls for imagination among managers in an organization.

Strategic process has three key elements; these are strategic intent, strategic arrangements and strategic choice. They are interlocked. Strategic intent is the driver of the strategic process. Without an underlying intent, strategy lacks an overall sense of direction and there is no reason to choose one direction rather than another. It provides the answer to the questions “where do we want to go?”, Strategic assessment provides relevant knowledge about the strategic context; it assesses both the outside world and the relative capabilities of our own enterprise. It also anchors future strategies to reality, “Where are we now?”, and Strategic choice is fundamental to the strategy process as it acts as a link to action. It must address the question, “which options will we choose for getting where we want to be from where we are now?”

Grant (1995) Suggests four critical elements to the results that have to be achieved from strategy formulation process they are; Goals that are simple, consistent and long term, Profound understanding of the competitive environment, objective appraisal of resources and effective implementation. In summary, the process has to be designed within the unique context of a particular enterprise at a particular time. There is no perfect process for formulating strategies, but there are some characteristics that are more likely to lead to a process of being successful.

### **2.3 Strategy Implementation Process.**

According to Robinson (1997), strategy implementation is the process through which strategy is translated into functional and operational targets. This is supported by Kotter & Best (1996) who they state that implementation addresses the- who, where, when and



how, and it is thus the tactic that drives the strategy of the company. According to Hussey (2000), he suggests that the implementation of strategy remains one of the most difficult areas of management. It's success depends both on the selection of an appropriate strategy and converting that strategy into action. If some of these aspects are deficient the strategy may either fail or be less effective than it should be, but it is often difficult to know after the event which aspect went wrong.

Strategy implementation is likely to be successful when congruence is achieved between several elements crucial to this process. This may be categorised into two groups of structure and process elements. Structure defines the configuration of a company showing the relationships that exists between the various parts of the company. The process element includes leadership, culture, resources and other administrative procedures. The structure of the company should be compatible with the chosen strategy. If there is incongruence, adjustment will be necessary either for the structure or for the strategy itself. Kotter (1996) points out that, while structure follows strategy, there is also evidence that structure influences strategy in certain situations.

Hussey (2000) explores the subject of successful strategy implementation by introducing the concept of "soft" and "hard" aspects of implementation. He argues that there are soft and hard elements which need to fit together if the strategy is to be implemented. The soft elements comprise the behavioural dimensions while the hard elements comprise the analytical dimensions to the process of making and the subsequent implementation of

strategy. He contends that the issue then becomes one of creating a strategic fit between the soft and hard elements and organizational variables.

To be successful, the strategic plan must have the support of every member of the firm. This is why the top office must be involved from the beginning. A company's leader is its most influential member. For effective implementation of strategy, there is need for adequate leadership in the organization. This will ensure that all the organization's effort is united and directed towards achievement of the organizations goals (Pearce,1994). The chief executive officer should play a leading role in setting the organization's values and giving a positive lead (Roy, 1994). Positive reception and implementation of the strategic plan into daily activities by this office greatly increases the likelihood that others will do the same.

It is important that the culture of the organization be compatible with the strategy being implemented. The chief executive can play an important role in setting company values. It is argued that an organization can run into trouble when they fail to take into account the corporate culture as they make changes in their strategy. Roy (1994) argues that corporate culture is one of the important attributes characterizing the management of excellent organizations. Such organizations achieve a fit between their strategies and culture. Lack of this fit can lead to resistance that in turn may frustrate the strategy implementation effort. The strategy to be implemented should be realistic in relation to available resources. Human capital is an important resource in the organization, therefore training and development is very important for improved performance. Such training is important for enhancing ability to develop and implement strategy. In order to enhance

effective strategy implementation, there is need to have adequate administrative process and procedures in place.

Organizations that are successful at strategy implementation effectively manage six key supporting factors which include action planning, organization structure, human resources, the annual business plan, monitoring and control and linkage. First, organizations successful at implementing strategy develop detailed action plans, which are chronological lists of action steps (tactics) which add the necessary detail to their strategies, and assign responsibility to a specific individual for accomplishing each of those action steps. Also, they set a due date and estimate the resources required to accomplish each of their action steps. Thus they translate their broad strategy statement into a number of specific work assignments. Next, those successful give thought to their organizational structure. They ask if their intended strategy fits their current structure.

Ulwirsch (1998) suggest that consideration of the human resource factor in making strategies happen is another essential element. They realize that the human resource issue is really a two part factor and its consideration requires that management think about the organization's communication needs. They articulate the strategies so that those charged with developing the corresponding action steps (tactics) fully understand the strategy they're to implement. Moreover, managers successful at implementation are aware of the effects each new strategy will have on their human resource needs. These organizations are aware of their need to fund their intended strategies. And they

begin to think about that necessary financial commitment early in the planning process.

They "ballpark" the financial requirements when they first develop their strategy.

Monitoring and controlling the plan includes a periodic look to see if implementers are on course. It also includes consideration of options to get a strategy once derailed back on track. Some of the options include; changing the schedule, changing the action steps (tactics), changing the strategy or changing the objective. Many organizations successfully establish the supporting factors by developing action plans, considering organizational structure, taking a close look at their human resource needs, funding their strategies through their annual business plan, and developing a plan to monitor and control their strategies and tactics. Unless employees have real incentives to implement the strategy, they will not commit to it, and the strategy will probably fail. The best assurance of implementation is a rewards system that aligns employees' interests with the success of the strategy. Therefore, every unit and every employee should have measurable performance goals with clearly stated rewards for goal achievement such as rewards large enough to elicit the desired level of employee effort.

Further, culture and leadership must be supportive of both the strategy and the day-to-day work that implements it. Culture concerns company's values, traditions and operating style. Companies with strong cultures are wise to adopt strategies consistent with their cultures. If culture change is necessary, changing company culture to better align with the new strategy is the responsibility of management team.

## **2.4 Factors that influence strategy implementation**

### **2.4.1. Strategy and structure**

Organizational structure is a formal arrangement of roles and relationships of departments, sections and concerned individuals so that the work is directed towards meeting the goals and accomplishing the mission of an organization. Change in strategy usually requires change in the way an organization is structured because structure dictates how objectives and policies will be established and how resources will be allocated. Organizational structure is influenced by the size and growth stage of the organization as well as environmental conditions faced by that organization and the technology employed. Most organizations grow along a continuum from simple to complex structures, such that the different positions along the continuum require different organization structures. Other factors which affect organizational structures are change in leadership, change in retirement ages, resignations and terminations.

Key factors to consider in assessing an organizational structure include; Changes in leadership, Changes in organizational strategy, Duplication of duties and jobs, Frequent failures to achieve the objectives, Too many meetings which take long sessions and attended by too many people, Too many departmental, sectional and individual conflicts, Lack of individual's upward mobility, Upward, lateral and downward buck passing by managers and workers.

Successful strategy implementation depends to a large extent on the organization's structure because structure identifies key activities within the organization and the manner in which they will be coordinated to achieve the strategy. Changes in strategy require changes in the way an organization is structured because structure dictates how objectives and policies will be established and how resources will be allocated. Any change in corporate strategy is very likely to require some sort of change in the way an organization is structured and in the kind of skills needed in particular positions. Managers must, therefore, closely examine the way their company is structured in order to decide what, if any, changes should be made in the way work is accomplished; should activities be grouped differently? Should decisions be made centrally or decentralized to managers in different locations?

In a classic study of large U.S Corporations such as Dupont, General Motors (GM), Sears and Standard oil, Alfred Chandler concluded that structure follows strategy – that is, changes in corporate strategy lead to changes in organizational structure (Chandler, 1962). He also concluded that organizations follow a pattern of development from one kind of structural arrangement to another as they expand. According to Chandler, these structural changes occur because the old structure having been pushed too far has caused inefficiencies that have become too obviously detrimental to bear. Chandler therefore, proposed the following as the sequence of what occurs: New strategy is created, new administrative problems emerge, Economic performance declines, new appropriate organizational structure is invented in line with the strategy needs and lastly, improved Profitability to strategy execution.

Dupont initially had centralized functional organizational structure but later shifted to a decentralized structure with semi-autonomous divisions. Alfred P. Sloan, past Chief Executive of General Motors, detailed how General Motors used such structural changes in the year 1964 (Sloan, 1964). He saw decentralization of structure as “Centralized policy determination coupled with decentralized operating management” after the strategy was developed; individual divisions were free to choose how to implement that strategy. Patterned after Dupont, GM found the decentralized multidivisional structure to be extremely effective in allowing the maximum amount of freedom for product development.

Research generally supports Chandler’s propositions that structure follows strategy (*as well as the reverse proposition that structure influences strategy*). Amburgey (1994) asserts that strategy, structure and the environment need to be closely aligned; otherwise, organizational performance will likely suffer. Despite the general agreement that organizational structure must vary with different environmental conditions, which, in turn, affect an organization’s strategy, there is no agreement about an optimal organizational design. A firm may adopt a simple or functional or divisional or beyond SBUs or matrix structure.

### **2.4.2 Strategy and leadership**

Leadership is a process involving the management of an organization to provide fore thought, guidance and cohesion to a group with a common mission. The paramount importance of leadership is its effectiveness which can be achieved through participation by all individuals and groups in an organization. Good leadership creates a vision and

ensures a maximum optimal societal and organizational positive agility, views an organization as an open system, but not as a closed system. Koske (2003) argues that leadership is one of the most important elements affecting the organizational performance. The leadership of an organization should be at the forefront in providing vision, initiative, motivation and inspiration. The management should activate team spirit and act as a catalyst in the whole strategy implementation process.

The chief executive officers wield a lot of powers in influencing the choice of any strategy to be executed. Influential CEOs can convince the management to support a particular strategy that will be presented to the Board of Directors for approval. He/she can also mobilize resources and ensure that his/her strategy succeeds. Thus the success of strategy implementation as well as the overall success of the firm depends on the CEO's efforts. The CEOs have the responsibility of making good strategic intentions, but managers and employees must also be involved in strategy formulation, implementation and evaluation activities. Management's commitment towards strategy implementation may be seen through budgetary allocations, the project and programmes provided for in the organization's strategic plan. The activities funded therefore reflect the strategic directions of the organization. There are many routine activities that are performed in an organization that keep it running smoothly.



Pearce and Robinson (1997) explain that one of the key support systems towards strategy implementation is information. To stay informed of how well the implementation process is going, managers need to develop networks of contacts and sources of information both formal and informal. Timely and relevant information enables managers to monitor and evaluate the implementation process and take remedial actions where deviations occur (Touche, 2003). While organizational structure provides the overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. Within the organizational structure, individuals, groups and units are the mechanisms of organizational action. And the effectiveness of their action is a major determinant of successful implementation. Thus leadership and culture may encourage or discourage effective action (Hofer, 1992).

Leadership and organizational culture are interdependent phenomena. Each aspect of leadership ultimately helps shape organizational culture; conversely, the prevailing organizational culture can profoundly influence a leader's effectiveness. Strategy implementation also involves leading through coaching people to use their skills and abilities most effectively and efficiently to achieve organizational objectives. Without direction, people tend to do their work according to their personal view of what task should be done, how, and in what order, regardless of the corporation's priorities. This can create really problems.

### **2.4.3 Strategy and culture**

An organization's culture can exert a powerful influence on the behaviour of all employees; can strongly affect a company's ability to shift its strategic direction. A

problem for a strong culture is that a change in mission, objectives, strategies or policies is not likely to be successful if it is in opposition to the accepted culture of the company. Corporate culture has a strong tendency to resist change because it's very reason for existence often rests on preserving stable relationships and patterns of behavior; good example is Mitsubishi Corporation which was male dominated Japanese-centered corporate culture which created problems for the Company when it implemented growth strategy in North America. Alleged sexual harassment of female employees by male supervisors resulted in a law suit by the United States Equal employment opportunity commission and a boycott of the company's automobiles by the national organization for women (Elstrom, 1996).

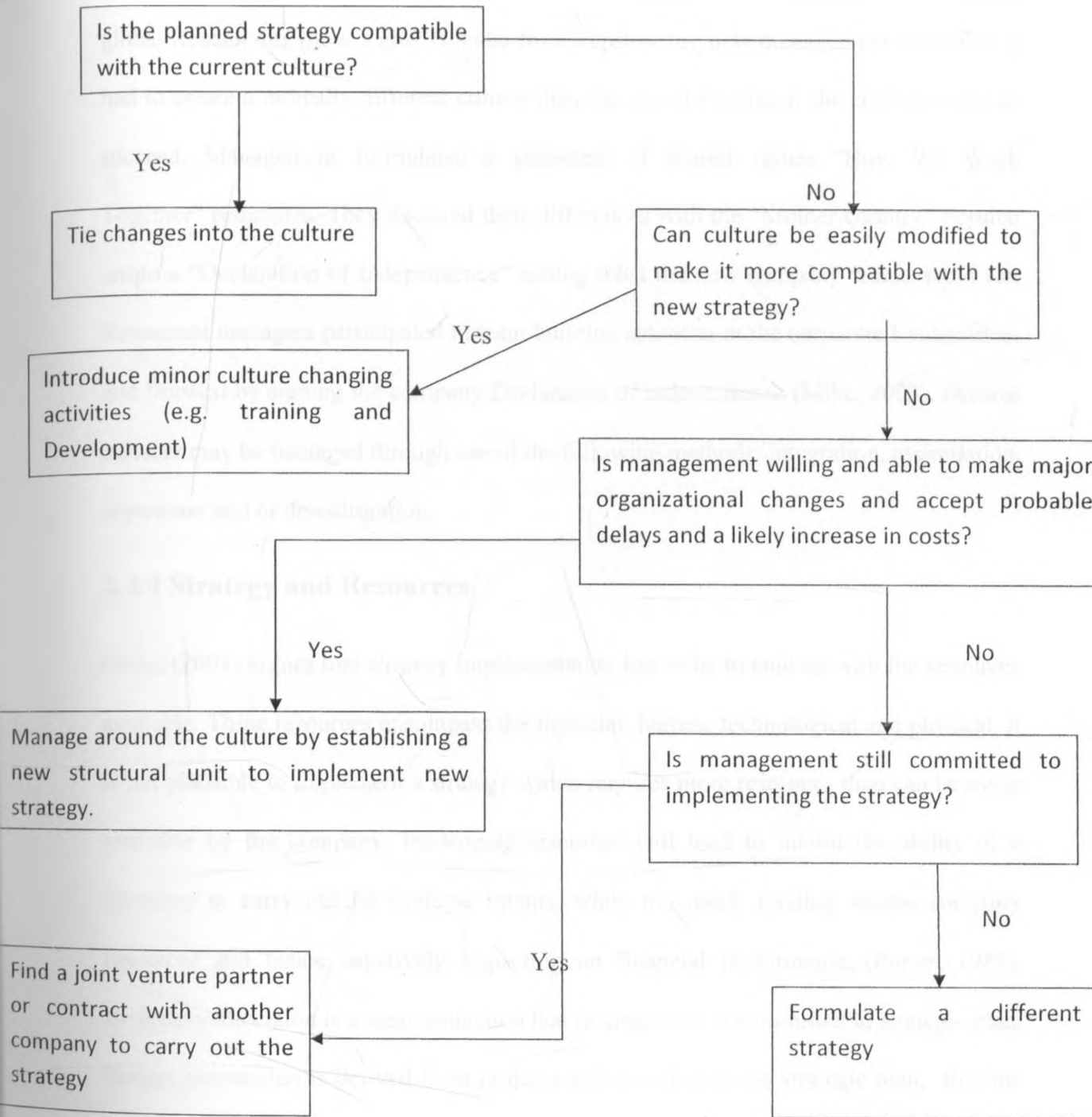
Researchers have not come up with one best corporate culture but, an optimal culture is the one that best supports the mission and strategy of the Company of which it is a part, hence corporate culture should support the strategy. It is paramount that strategy be in complete agreement with culture as any significant change in strategy should be followed by a modification of the organization's culture. Cultural change can further be successful through effective communication. Strategic changes should be communicated to workers through newsletters or speeches or in training and development programs.

Corporate culture is not cast on stone; it can be changed but often takes a long time and requires much effort. Management must evaluate what a particular change in strategy means to the corporate culture, assess whether a change in culture is needed, and decide whether an attempt to change the culture is worth the likely costs. When implementing a

new strategy, a company should take the time to assess strategy- culture compatibility as highlighted in figure 2.2 below.

Gordon (1985) contends that companies where major cultural changes have successfully taken place had the Chief Executive Officer and other top managers who had a strategic vision of what the company could become and communicated that vision to employees at all levels. The current performance of the Company was compared to that of its competitors and constantly updated. Further the vision was translated into the key elements necessary to accomplish that vision.

**Fig.2.2 Assessing strategy-culture compatibility**



Source: Barnett, J. H. and Wilsted, D. W. (1989), Strategic Management: Texts and Concepts.

A good example is when Pizza Hut, Taco Bell and KFC were purchased by Tricon global Restaurants (now Yum? Brands) from Pepsico, the new management knew that it had to create a radically different culture than the one at Pepsico if the company was to succeed. Management formulated a statement of shared values “How We Work Together” principles. They declared their differences with the “Mother country” Pepsico wrote a “Declaration of Independence” stating what the new company would stand for. Restaurant managers participated in team building activities at the corporate headquarters and finished by signing the company Declaration of independence (Mike, 2003). Diverse cultures may be managed through use of the following methods: integration, assimilation, separation and or de-culturation.

#### **2.4.4 Strategy and Resources**

David (2003) argues that strategy implementation has to be in tandem with the resources available. These resources encompass the financial, human, technological and physical. It is not plausible to implement a strategy which requires more resources than can be made available by the company. Inadequate resources will tend to inhibit the ability of a company to carry out its strategic intents, while too much funding wastes company resources and hence negatively impacting on financial performance (Porter, 1985). Budgetary allocation is a clear indication that management is committed to strategic plan. Budget preparation is derived from projects and activities in the strategic plan. Routine activities that are paramount to the running of the company should be managed effectively with adequate resources. Resource allocation is a central management activity that allows for strategy execution. Some factors which prohibit good resource allocation

in organizations include; poor organizational politics, risk averseness, nepotism, tribalism, lack of sufficient knowledge and training, lack of managerial know how and competence among managers.

#### **2.4.5 Strategy and policies**

Policies and directives are designed to guide the thinking, decisions and actions of managers and their subordinates in implementing the organization's strategy. Policies provide guidelines for establishing and controlling ongoing operations in a manner consistent with the firm's strategic objectives (standard operating structures). They serve to increase managerial effectiveness by standardizing many routine decisions and controlling the discretion of managers and subordinates in implementing operational strategies.

Policies are the principles under which the corporation operates on a day-to-day basis. Policies communicate specific guidelines to action or decision. They also assist in controlling the organization's activities. According to Hill (2001), well connected policies help enforce strategy implementation by channeling action, behavior, decisions and practices which promote strategy accomplishment. Policies should routinely be examined and aligned to the current strategy. when policies are crafted correctly, they accomplish three things; It forces trade-offs between competing resource demands, It tests the strategic soundness of a particular action, and sets clear boundaries within which employees must operate while granting them the freedom to experiment within those constraints. Policies tend to be rather long lived and can even outlast the particular strategy that created them. They can become in time, part of corporation's culture.

Such policies e.g. “Low prices, every day,” “The customer is always right” can make implementation of specific strategies easier. They can also restrict top management’s strategic options in the future. Thus a change in strategy should be followed quickly by a change in policies.

Lastly, policies promote information handling of similar activities, ensure quicker decisions by standardizing answers to previously answered questions that would otherwise recur, help institutionalize basic aspects of organizational behaviour can counteract resistance to or rejection of chosen strategies by organization members, offer a predetermined answer to routine problems – giving managers more time to deal with extra ordinary problems.

#### **2.4.6 Reengineering and strategy implementation**

Reengineering is the radical redesign of business process to achieve major gains in cost, service, or time. It is an effective way to implement a turn round strategy. Business Process Reengineering strives to break away from the old rules and procedures that develop and become ingrained in every organization over the years. These may be a combination of policies, rules and procedures. Studies of the performance of reengineering programmes show mixed results. One study of North American financial firms found that “the average reengineering project took 15 months, consumed 66 person – months of efforts and delivered cost savings of 24% (Drew, 1994).

In a survey of 782 corporations using reengineering, 75% of the executives said their companies had succeeded in reducing operating expenses and increasing productivity. Although only 47% stated that their companies had succeeded in generating revenue growth and 37% at raising market share, 70% of the respondents stated that their companies planned to use reengineering in the future.

Organizing a company's activities and people to implement strategy involves more than simply redesigning a corporation's overall structure. It also involves redesigning the way jobs are done. With the increasing emphasis on reengineering, many companies are beginning to rethink their work processes, through phasing out unnecessary people and activities, performing activities concurrently as opposed to sequentially using cross-functional teams. Harley Davidson for example has managed to reduce total plant employment by 25% while reducing by 50% the time needed to build a motor cycle. Job design and subsequent job performance are, therefore increasingly being considered as sources of competitive advantage. This has been enhanced through; job enlargement, job enrichment and job rotation.

## **2.5 Challenges in strategy implementation**

When it comes to strategy implementation, the executives frequently see their organizations a machine, something that can be programmed to perform accurately and predictably. They try to make organization structures fit their strategies, encouraging people to behave in ways that support the strategies and adopting critical processes required for their implementation. But organizations are not machines, and even the



best strategies can fail during implementation. So they have to adapt and develop dynamic capabilities. Strategy implementation takes place against a background of organizational complexity and the effects of systems integration especially the unpredictability of human integrations. A basic characteristic of a complex system is its ability to self-organize and create a new order and coherence through the system. Attempts to exert control by reducing complexity- treating the organization like a machine are counter- productive to strategy implementation (Andreas, 2010, P. 1-2).

Strategy implementation involves every person in an organization and is concerned with making decisions with regard to determination of the organization's mission, vision, philosophy, objectives, strategic and functional policies. Not all well developed strategies are implemented successfully. This may be contributed by one or more of the following; the implementation taking more time than originally planned, ineffective ordination of activities, competing activities and crisis take attention away from implementation, lower level employees are inadequately trained, involved employees have insufficient capabilities to perform their jobs, uncontrolled external environmental factors create problems, key implementation tasks and activities are poorly defined, the information systems inadequately monitor activities, departmental managers providing inadequate leadership and direction and unanticipated major problems arose.

David (2003) argues that strategy implementation has to be in tandem with the resources available. It is not possible to implement a strategy which requires more resources that can be made available by the Company. Inadequate resources will tend to inhibit implementation process.

Galbraith (1994) building upon the major foundation of Lorsch (1974) showed that a firm needs congruence between structure, people, rewards, information and decision processes in order to implement strategy successfully. Both Galbraith and Lorsch linked the degree of congruence to the level of the firm's performance. Further, he stressed that "Congruence among organizational structure, processes and systems is the important factor, not fit with the environment." Nonetheless, Galbraith (1978) also pointed that time complicates matters. Congruence must be balanced between short run and the long run.

Hussey (2000) suggests that the implementation of strategy remains one of the most difficult areas of management. Its success depends both on the selection of an appropriate strategy and converting that strategy into action. If some of these aspects are deficient the strategy may either fail or be less effective than it should be, but it is often difficult to know after the event which aspect went wrong.

The real challenge in strategic planning rests with turning tactic into a strategy for the company and doing this requires effective implementation. Implementation involves activities that effectively put the plan to work. Implementation of the tactic drives the strategy of the company. Strategy implementation is likely to be successful when

congruence is achieved between several elements crucial to this process. This may be grouped into two groups of structure and process elements. Structure defines the configuration of a company showing the relationships that exists between the various parts of the company. The process element includes leadership, culture, resources and other administrative procedures. The structure of the company should be compatible with the chosen strategy. If there is incongruence, adjustment will be necessary either for the structure or for the strategy itself.

Mintzberg (1994) noted that the plan, rather than the implementation comes in for scrutiny because it is less problematic to analyze. May be this is because, whereas the plan can be crafted under pollution-free, almost laboratory conditions, executing the plan takes place in the real world infected with real world variables (Porter, 1996). But the whole point of strategy is that it will be implemented and implemented successfully. It is important that the culture of the organization be compatible with the strategy being implemented. The chief executive can play an important role in setting company values. It is argued that organization can run into trouble when they fail to take into account the corporate culture as they make changes in their strategy. Roy (1994) argues that corporate culture is one of the important attributes characterizing the management of excellent organizations. Such organizations achieve a fit between their strategies and culture. Lack of this fit can lead to resistance that in turn may frustrate the strategy implementation effort.

The strategy to be implemented should be realistic in relation to available resources. Human capital is an important resource in the organization, therefore training and development is very important for improved performance. Such training is important for enhancing ability to develop and strategy implementation. In order to enhance effective strategy implementation, there is need to have adequate administrative process and procedures in place. The challenge of strategy implementation is to create a series of the tight fits between strategy and organization's competencies, capability and structure, structure and internal support system, structure and reward scheme and structure and corporate culture (Thomson, 1996 ).

Johnson and Scholes (2004) argue that the implementation of appropriate strategies remain one of the difficult areas of management. Considerable though, energy and resources is given over to devising a strategic plan. It is the fine detail of the plan attention turns to when things go wrong. Formal structures, job descriptions and policies may be barriers to cooperation, innovation and teamwork rather than facilitating strategy implementation. It is important that implementers devise structures and policies which complement each other rather than conflicting and competing among themselves.

If a strategy is incompatible with a company's corporate culture, the likelihood of its success is very low. Foot dragging and even sabotage will result as employees fight to resist a radical change in corporate philosophy. Precedents from the past tend to resist the kinds of objectives and strategies that can be seriously considered. Strategy implementers

must consider corporate culture pressures and assess a strategy's compatibility with the corporate culture. If there is little fit, management must decide if it should; take a chance in ignoring the culture, manage around the culture and change the implementation plan, try to change the culture to fit the strategy or change the strategy to fit the culture.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

This study adopted a case study as it tried to carry out an in-depth investigation and appreciate the challenges faced by Lake Victoria South Water Services Board while implementing her strategy. It was chosen because the information required would assist the researcher to draw conclusions precisely because it has minimal assumptions compared to survey method. It is quite suitable for studying organizations, groups and individuals with an aim of uncovering and understanding a phenomenon which is little known.

Mugenda (1999) argues that a case study is an in-depth investigation of an individual, group, institution or phenomenon. The case study is particularly useful when the phenomenon under investigation is difficult to study outside its natural setting and also when the concepts and variables under study are difficult to quantify (Yin, 1994). A case study is a description of a management; it involves data collection through multiple sources such as verbal reports, personal interviews and observation as primary data sources.

### **3.2 Data collection**

Research data was collected using an interview guide. Primary data was collected using open-ended and semi-structured interviews as the main tool for data collection. These techniques gave respondents opportunities to express their views, feelings, opinions, perceptions and experience in strategy implementation. Primary data was collected from particular individuals in three departments of Lake Victoria South Water Services Board

to obtain information for the research. Key respondents of the study were selected from individuals assumed to be playing a significant role in implementing strategies of Lake Victoria South Water Services Board.

The following respondents were interviewed: The Chief Executive officer, three heads of Departments, two Managing Directors and one person directly responsible for implementing the strategic plans. The researcher interviewed the respondents (interviewees) on face to face and by telephone so as to have a chance for in-depth responses and opinions. It was also easy for the researcher to guide respondents in case of clarity for the success of the study. Prior to data collection official permission was sought from the institutions. Secondary data was collected through literature review of books, journals, Government publications, web pages and websites.

### **3.3 Data Analysis**

Data was analyzed using content analysis. The raw data was edited for accuracy and consistency. Content analysis entails procedures for collecting and organizing non-structured information into a standardized format that enables one to make inferences about the research objectives. Data was compared with theoretical approaches cited in the literature review with a view of obtaining more revelation on strategy implementation challenges encountered at Lake Victoria South Water Services Board.

Qualitative content analysis was used by conducting word frequency count to identify words of potential interest with an assumption that the words mentioned most often are the ones that reflect the greatest concern. Data was categorized and coded with reference to key factors that affect strategy implementation as discussed in the literature review.

## **CHAPTER FOUR: FINDINGS AND DISCUSSIONS**

### **4.1 Introduction**

This chapter covers data analysis and results of the research. Data is analyzed in reference to the research objectives as stated in chapter one. Primary data was scrutinized to determine its validity, consistency and credibility before it was finally summarized. Qualitative method was used to analyze data collected using semi-structured open-ended and closed-ended questions to determine attitudes, feelings and opinions of the respondents. Also data from open ended questionnaires was checked for completeness and then coded for analysis.

Data was collected from the CEO, three senior managers of Lake Victoria south water services Board one officer responsible for strategies implementation and two managing directors from the Board's water service providers. This section also highlights how LVSWSB is handling her strategy implementation and the challenges faced in its execution, with consequent measures taken to mitigate or cope with these challenges from time to time. Content analysis was used to analyze data systematically, objectively and the qualitative description of a manifest content of responses from the respondents.

### **4.2 Respondents General Information**

The interview guide started with the general information about the respondent's length of service with the organization, duties and responsibilities, their rank, whether the organization has a vision, mission and a strategic plan. The study recorded an extremely



good response as the researcher managed to interview all the targeted persons. It was found out that more than seventy percent of the managers have worked for the organization at least 5 years which was good enough to obtain information required. All respondents confirmed that the Board has a vision, mission, and a strategic plan. Further, they were aware that the strategic plan has been revised to address the dynamic environment in which the Board operates. This was aimed at achieving and sustaining competitive advantage in the competitive market.

### **4.3 Organization Structure**

The researcher sought to find out whether LVSWSB has an organization structure. All respondents confirmed that the structure does exist. Further, majority of the respondents confirmed that the structure has been frequently changing to support strategy implementation. While a minority was not satisfied that the structure fully supports the strategy implementation. It was noted that the current structure constitutes Board of Directors, chief executive officer, chief managers heading three departments and managers heading Divisions. Activities and responsibilities have been organized based on the functions of each department in line with strategies being implemented.

It was found that as structure keeps on changing, it has been posing challenges in strategy implementation due to resistance to change, lack of clear communication to prepare those affected. The changes are too rapid, less than three years hence posing uncertainty among managers. Further, respondents confirmed that measures have been put in place to address these challenges among them; training and development, communication through

newsletters, staff meetings, workshops, change management courses, job rotations, job enrichment and job enlargement. The researcher himself was a good example as he has been changing roles and duties annually. He has been assigned duties as Operations and Maintenance Engineer, Water Service Provider officer, Managing Director, Manager Water Service Providers, Regional manager, Southern Region in a span of five years. The research findings concur with Chandler's proposition that structure follows strategy as change takes place to corporate strategy corresponding changes occur to the current organization structure. Further, there are similarities between Sloan (1964) assertion and the research findings.

#### **4.4 Leadership**

The respondents were asked whether the top management had shown commitment in strategy implementation. The respondents agreed that top management showed leadership to strategy implementation. This implies that top management is providing vision, initiative and motivation that is enabling the organization to move forward in ensuring selected strategies are implemented successfully. Those who argued that full commitment is lacking sound a warning to the organization and requires that the issue is further assessed to identify where the problem lies.

Hrebiniak ( 2005) says that companies often go wrong by creating a cultural distinction between the executives who design a strategy and people lower down in the corporate hierarchy who carry it out. Asking ongoing questions about the status of a plan is a good way to ensure that it will continue to be a priority. Meetings between the executive team

and unit managers should be regular and ongoing, It's that kind of "direct, demonstrated leadership," he says, that convinces an organization that commitment to a plan is real and that there will be consequences if the plan is not followed through. "It's a signal of commitment from the top that there's an expectation of commitment from below."

Respondents reported that leadership challenges to strategy implementation have been mitigated through regular change management trainings, meetings, workshops and seminars. The research findings are thus in agreement with ( Hrebiniak , 2005 and Koske, 2003) as discussed above. It was noted that the government has not left the organization to fully control herself as most of the directives still originate from the ministry headquarters and other offices.

#### **4.5 Organizational Culture**

The researcher sought to find out whether the current organizational culture posed any challenges to strategy implementation. There was an overwhelming agreement that the culture has a strong influence. Many issues emerged from staff's previous experiences, organizational behaviour, attitudes, values and resistance to change. It was noted that no inherent characters have been reported. Flexibility among staff was reported to be improving. This has been enhanced through regular trainings on change management, team building, task forces, bonding, retreats, and study trips among others.

Diversity was shown through the way respondents answered this question. The employees should have a shared objective as this will enhance strategy implementation as it is possible for the organization to shift its strategic direction. The culture of the organization should be aligned with the strategy executed to minimize chances of opposition from staff as they play a key role in strategy implementation. It was found that effective communication of strategies being implemented was done. But it is paramount that the strategy is in complete agreement with culture. If it does not conform, modifications are required. Strategic changes were communicated to workers through circulars, memos, newsletters, speeches and trainings.

Machiavelli (1999) suggests that executives should wipe out old habits (culture) swiftly and harshly. He further argues that whoever becomes the master of a city accustomed to (its own) freedom, and does not destroy it, may expect to be destroyed himself !, secondly, the leader should be present and frequently visible. The implementation of the 2005 – 2010 strategic plan show significant commitment to cultural changes. The introduction of rapid results initiative in 100 days, performance contracting, service charter in 2007 highlights the commitment of the organization to her publics, services rendered with strict timelines and deadlines. Channels of communication and feedback mechanism have also supported strategy implementation at Lake Victoria Youth Water Services Board.

## 4.6 Adequacy of Resources

The study sought to find out from respondents whether adequate resources (financial, human, physical, technological) play a key role in strategy implementation. All respondents confirmed that adequate resources play a very key role in implementing strategies. All activities in the strategic plan require a budget and without adequate resources it will be difficult for an organization to successfully execute her strategies.

The research revealed that finances are not adequate as the organization depends on government budgeting allocation which is not adequate and its funding is intermittent. This has led to unfulfilled activities in the strategic plan, the Board are forced to carry forward the activities in essence delay them, physical structures are not adequate, have not been fully optimized due to their old age state. Revenue collected from WSPs is not adequate to run the organization. The Board also relies on grants and loans which take long to process and secure them with tough conditions which are not favourable to the institution. Staffs are not adequately equipped with competency and skills to cope with the demands for water and sewerage services.

It was reported that the board is addressing resource inadequacy through putting in place targets for each WSPs and district water officers to generate enough revenues to enhance long term sustainability. Further, more capital investments are underway to address the resource gaps. Lastly, the board is aligning her resource allocation to Vision 2030 and Millennium Development Goals and other relevant strategies such as sector wide

approach to planning to avoid misuse and duplication of projects. Thus the research findings fully support David (2003) who argues that adequate resources are important. From the researcher's point of view is not a panacea to successful strategy, Organizations should put in place sound reengineering principles to optimize the available resources. Currently all the water facilities operate way below capacity, with huge unaccounted for water, time wastage, ineffective procedures, and commercial principles are deficient. Before we increase resources let the available once be used efficiently and effectively.

#### **4.7 Policies and Procedures**

The study sought to find out whether LVSWSB has policies in place, any challenges that the policies pose and measures taken to cope with the challenges encountered. The study found out that the policies are in place to guide the thinking, decisions and actions of managers as their subordinates in implementing the organization's strategy. policies are the principles under which the organization operates on a day to day basis, they communicate specific guidelines to action or decision, promote information handling of similar activities, ensure quicker decisions by standardizing answers to previously answered questions that would otherwise recur, further they provide guidelines for establishing and controlling ongoing operations in a manner consistent with firm's strategic objectives (standard operating structures).

The existing policies were generic with minimal adaptation. Most of them were driven from the ministry/government as opposed to emerging from the organization. The human resource policy was not consistent with the global trends of competitiveness. They were

rigid as minimal room was available to accommodate technological advancement and changes. Code of conduct and ethics policy, corruption prevention policy, health and safety policy, HIV/AIDS policy, gender mainstreaming policy, alcohol and drug abuse policy were in place. It was impressive that all these policies support strategy implementation. There were no reports in place to evaluate the effectiveness of the policies, it is paramount that the organization sets up a monitoring and evaluation program of the policies as this will promote strategy implementation hence increased performance. Lastly, the policies should be well connected to help enforce strategy and communication.

#### **4.8 Strategy and Communication**

The study sought to find out whether the chosen strategies are effectively communicated to concerned staff/people and any challenges posed and measures put in place to cope with the challenges in strategy implementation. Majority of the respondents said that though strategies existed, communication was a major problem in ensuring that the strategy is communicated to all staff for their understanding, acceptability and participation. The findings complement what other researchers have noted (Hrebiniak, 2005 & Hill, 2001). Though LVSWSB has a communication policy in place, the commitment to implement it is weak and as no specific officer is a signed duty to check and advise the board on its effectiveness.

Further, the study found out that the strategy was not sufficiently communicated to key stakeholders for their participation and ownership, all communication was top down and most of the information did not reach all targeted people or staff. Only top and middle

level managers understood the current strategies in place, no proper feedback mechanism is in place for assessment of the communication's effectiveness. Central government, communication bureaucracy was in practice as most correspondences delayed due to authority to release information. For effective communication, the process should be continuous and the policy must be regularly monitored, evaluated and controlled.

#### **4.9 Reward System**

The study found that there exists terms and conditions of service which clearly stipulate how staff are reward and basic criteria to be used. It was further noted that reward system is not tied to the ability of employees to implement strategies. The Board has a reward system which is tied to the available positions and not ability to implement strategies. All staff is generally given annual increment irrespective of their performance of assigned activities from the strategic plan. There are no structures to annually assess and reward best performers. The annual staff appraisal is done, but the results are not communicated to all staff for ease of competition and motivation.

Performance contracts are also in existence, which have become routine among staff unless emphasis is put, it will result to minimal performance. Incentives and rewards are paramount tools to encourage employees commit themselves to successful strategy implementation. Rewards may be in many forms as opposed to monetary rewards such include; bonuses, promotions, praise, recognition, constructive criticism, stock options, training, fridge benefits, holiday trips and many others. Though the reward system is



there, I.VSWSB should come up with an integrated reward system which is effective in terms of structure and reward tied to ability to implement strategies successfully.

Implementation of strategy not only depend on staff rewards, there exists other factors which necessitate success such factors include conducive work climate, teamwork, good coordination of activities and top management ability to provide all necessary resources required for each activity to be executed. Through sound reward system free from favourism or any other malpractices, the system inspires employees and enhances the commitment and ownership of the strategies being executed. The study found out that other factors such as organizational politics, conflicts of interest both within and from outside the organization poses challenges while implementing strategies. Politicians tend to demand too much and rarely respect approved work plan of the organization. Issues ranging from staffing, key positions, resource allocation also affect the performance of the Board.

The board also encounter internal power struggle as top managers also long to climb to the top most rank this is in agreement with Hill and Jones (1999) who state that organization politics are tactics that strategic managers engage in to obtain and use power to influence organizational goals and change strategy and structure to further their own interests. Powerful groups with interests not of shared objectives must be discarded a all costs as they tend to hinder successful strategy implementation.

#### **4.10 Discussion of Results and Challenges Encountered**

Despite the fact that the study found out that strategy implementation had several challenges. The board had not sat back but has put in place several measures to ensure that her set objectives are achieved within the given time frame as stipulated in the five year strategic plan (2005-2010) and annual performance on contract. The study found out that the strategic plan was under review while the performance contract was assessed quarterly, these tools have played a key role in ensuring that the organization survives in the turbulent environment driven by stiff competition and demand for services.

Secondly, the study found out that LVSWSB has an organization structure in place which keeps on changing to match the strategies being implemented. The structural changes were too rapid to an extent that re aligning staff is causing anxiety and resistance to adjust as soon as possible. For instance the technical department has been split into four divisions to correspond to changes of activities in the annual work plan and strategic plan.

Thirdly, organizational policies geared to facilitating the implementation of the strategy were in place, but there was a serious concern in regard to effectiveness. The board was enforcing her policies to standardize the processes in order to enhance accountability and efficiency in implementing the strategies. There is urgent need to computerize and network all departments and post the procedures/operating manuals in the system so that each department is aware of what is happening and how each department complements the other. The Board had engaged consultants to carry out detailed analysis of the current

operational procedures and manuals to address the concerns raised. The International Standards Organization certification processes were in progress.

Fourthly, the study clearly found out that resources (financial, human, technological and physical) were not adequate to fully implement chosen strategies. The Board heavily relies on grants and donor funds for her sustainability. The Board has no control over the cash flow timetable and before funds are approved and disbursed, stringent conditions must be fulfilled. The funds released to LVSWSB have never been adequate and are normally released late. The board has put in place sound operational plans to generate and collect enough revenues from her water service providers in form of water service board fees to enhance her ability to implement strategy.

Fifthly, regular monitoring and evaluation of the WSPs is done, targets have been set with consequent annual reviews. The communication strategy was in place by use of service charter, circulars, workshops, television, periodical newsletters, brochures, regular staff meetings and newspaper supplements. Communication was not consistent with strategies being implemented; no clear plans were in place for ease of reference and continuity. Pressure from external quarters forced managers to conform to the requirements. The board has plans to ensure that the communication strategy is accessible and acceptable by all staff for effective strategy implementation.

Lastly, the Board has embarked on regular staff training on change management, time management, and customer care, and good corporate governance to minimize cases of resistance to change. Staffs have been encouraged to go for part-time courses with partial financial support from the Board. This has played a key role in enhancing overall strategy implementation.

# CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Introduction

An organization may formulate best strategies but if they are not successfully implemented, they may fail to produce superior performance for the firm and will be of no use. Therefore organizations should be prepared to execute their strategies with consequent challenges on a continuous basis. The Board is on the right track in implementing her strategy as key areas of concern have been identified and are being addressed on a regular basis.

The objectives of the study were to investigate the challenges that are encountered by LVSWSB in strategy implementation and establish measures taken to cope with the challenges encountered. This section highlights the summary of findings, conclusions, appropriate recommendations of the study with reference to the research objectives and suggestions for further research. Below is detailed summary of the study findings and recommendations.

## 5.2 Summary of Findings

The study revealed that LVSWSB started in 2004 as a state corporation reporting to the Ministry of Water and Irrigation. It has a strategic plan (2005-2010) with elaborate objectives and activities to be achieved within the 5 year period. The plan has a vision statement, mission statement, core values and mandate which are important pillars for the

Board's existence. It was revealed that the Board is positively responding to both internal and external environmental changes. Though in the right direction, the Board had not successfully achieved her strategic intents in the strategic plan. This was majorly contributed by the following factors; the structure did not fully follow the strategy, inadequate resources, weak communication strategy, inconsistent and outdated operational policies, lack of employee commitment, organizational culture, uncontrolled external environmental factors created problems, key implementation tasks and activities are poorly defined, implementation taking more time than originally planned, ineffective coordination of activities and lack of comprehensive remuneration system to tie rewards to ability to successfully implement strategy.

To mitigate the challenges from future recurrence, The Board should ensure participatory approach by involving all staff and stakeholders is appropriately done. Managers who implement strategy should understand and own it for ease of strategy implementation. The Board requires regular SWOT analysis aiming at taking advantage of her strengths and opportunities while minimizing threats and weaknesses that are likely to impede her from achieving her objectives. Regular reviews of the organization structure should be done with regard to the strategic plan to ensure that there is fit between strategy and structure. It was notable that the current structure is not compatible with the current strategic plan because the structure was rapidly changing with minimal corresponding change of strategy. The structure should be flexible, accountable and relevant to the desired objectives.

Researchers have not come up with a best corporate culture but, an optimal culture is the one that best supports the mission and strategy of the company of which it is apart, hence corporate culture should support the strategy at all times. The Board's top management should influence the culture and ensure minimal resistance to acceptance of her strategy. Management should also evaluate what a particular strategy means to the corporate culture, assess whether the change is needed, and decide whether an attempt to change the culture is worth the likely costs.

The Board should also put in place an effective communication strategy to support the staff in thinking outside the box through engaging staff to think with entrepreneurial mind, hence encouraging innovation and flexibility which is key to strategy implementation. The study also revealed that remuneration system, staff rewards is not tied to ability to successfully implement strategy. Motivation of the staff is one of the greatest factors that influence successful strategy implementation, therefore the Board should craft motivational schemes that attract and retain staffs that are committed to executing strategy. The scheme should be challenging, inspiring, innovative, consistent and objective to create work climate that encourage staff to fully participate in decision making with minimum bureaucracies.

Delegation of power was noted as a challenge at LVSWSB. Though structures of power exist, management had no full authority to make decisions without fear or unnecessary references. Delegation of power should be encouraged from Top to middle and lower

management should be encouraged. This not only encourages staff growth but also organization growth. Though the training is being conducted through workshops, short courses and seminars, there is urgent need to devise a scheme for continuous professional training of entire staff to ensure they fit the dynamic environment. Acquiring the right staff with relevant skills and experience is paramount to successful strategy implementation. Training should be tailor-made to the functions of each departmental role. Training needs assessment and annual training programs should be drawn to address the inadequacies.

Lastly, adequate resources should be made available to support the chosen strategy. Without it the strategy will be scuttled and a sound monitoring and evaluation program should be established to carry out a regular assessment of all the factors that pose significant challenges to strategy implementation.

### **5.3 Conclusions**

Strategy implementation and managing change is difficult at best. Not only does a multiplicity of solutions exist, but the strategy manager also confronts resistance to change. Strategy implementation involves establishing programs to create a series of activities, budgets to allocate funds to the new activities and procedures to handle the day to day details. It involves every person in an organization and is concerned with making decisions with regard to determination of the organization's vision, mission, objectives, strategic and functional policies. Marshalling sufficient resources and people



behind the drive for strategy execution and instituting policies and procedures that guide strategy implementation are also considered crucial to successful strategy implementation.

The many challenges encountered while implementing the strategy should be addressed regularly in order for the organization to attain its long term objectives. The organizational structure, processes, organizational culture, inadequate resources, weak communication, leadership, the strategy itself, government policies, uncontrolled factors and resistance to change are the key challenges that are normally faced during strategy implementation.

#### **5.4 Limitations of the Study**

The respondents were very busy with their routine activities. It took much time for the researcher to interview them. The interview and research time was short hence, the discussions were not exhaustive.

The study was restricted to challenges of strategy implementation and measures taken to cope with the challenges, other areas like strategy formulation, evaluation and control were not covered. It was not possible to access to all data required due to unavailability of information or the relevant people were not present to provide information.

#### **5.5 Suggestions for Further Research**

We cannot generalize that what this research has achieved is final, but consider it little and hence more research is required as we all know that no research is an end to itself. From the gains of this research, further research work on strategy implementation is

necessary at I.VSWSB, other water service Boards in Kenya and Africa so that comparisons can be made. This will greatly assist others to copy best practices and replicate them within the sector. Management should study the practices highlighted in this research and carefully fit them to their strategy with an aim of evaluating performance in strategy implementation. At a later date the Board should repeat the research to find out any progress and gaps for corrective measures.

## **5.6 Recommendations for Policy and Practice**

Before strategy is implemented, the formulation process should be participatory by all staff and stakeholders. The Board should encourage it as it facilitates strategy ownership and smooth implementation. There should be a fit between the strategy and the structure of an organization. This implies that the structure should be flexible and consistent with the strategy being implemented.

The resources required for strategy implementation should be adequate and readily available. Resource alone may not form a competitive advantage but when the set of resources perform tasks in an integrative manner. An organization's unique resources and capabilities provide the basis for a strategy. Careful prioritization must be done by the organization to ensure successful implementation. The Board should also ensure that organizational culture is compatible with the strategies being implemented. Culture should support the strategy at all times. Culture itself is not cast on stone; it can be changed or modified to suit the strategy and environmental context.

The reward systems should be tied to the ability of an individual to implement strategies as opposed to tying rewards to positions and annual salary increments. The reward system should encourage constructive completion, innovation and retention. The Board should develop an effective communication policy to ensure that all activities are well communicated to staff and stakeholders. The communication channels should be objective, consistent with a feedback tracking mechanism.

Continuous professional training of staff should be in place as right people with relevant skills is a powerful weapon for competitive advantage geared to successful strategy implementation. A sound Monitoring, Evaluation and Control program should be put in place to assist the Board in solving problems and issues as they emerge. This will minimize unexpected surprises, thus enhance successful strategy implementation.

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## APPENDICES

### APPENDIX 1: List of Water Services Boards in Kenya

S/No.	Name	Location of Head office
1	Lake Victoria South Water Services Board	Kisumu
2	Lake Victoria North Water Services Board	Kakamega
3	Coast Water Services Board	Mombasa
4	Northern Water Services Board	Garissa
5	Tana Water Services Board	Nyeri
6	Rift Valley Water Services Board	Nakuru
7	Athi Water Services Board	Nairobi
8	Tanathi Water Services Board	Kitui

Source: Water Services Regulatory Board, 2009, Impact Report



## APPENDIX 2: List of Contracted Water Service Providers in LVSWSB

S/No.	Name	Head office location
1	Gulf Water Services Company Ltd.	Kochola
2	Kisumu Water and Sewerage company Ltd.	Kisumu
3	Kericho Water and Sanitation Company Ltd.	Kericho
4	Mikutra Water and Sanitation Company Ltd.	Migori
5	Sibo Water and Sanitation Company Ltd.	Siaya
6	Gisii Water and Sanitation Company Ltd.	Kisii
7	Nyanas Water and Sanitation Company ltd.	Nandi Hills
8	Chemosit Water and Sanitation Company Ltd.	Kapkatet
9	South Nyanza Water Services Company Ltd.	Homabay

Source: LVSWSB, (2008) Revised Strategic plan 2005-2

### **APPENDIX 3: Interview Guide**

This is not an examination and as such there are no wrong answers. It is a study instrument aimed at gathering information relating to challenges of strategy implementation at Lake Victoria South Water Services Board (LVSWSB). The study findings will be used for academic purposes only. The researcher requests for your informed consent before participating in this study. The study will also respect the right of privacy of the respondents and as such all responses shall be anonymously presented. Please answer all questions. Thank you.

1. What is your job title? \_\_\_\_\_

2. Which department are you working in? \_\_\_\_\_

3. What are your main duties and responsibilities?

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

4. How long have you worked for in your department? \_\_\_\_\_

5. Does LVSWSB have a vision statement? \_\_\_\_\_

6. Does LVSWSB have a mission statement? \_\_\_\_\_

7. Have there been any changes to the vision statement since inception of LVSWSB? \_\_\_\_\_

8. (a) Does LVSWSB have a strategic plan? \_\_\_\_\_

(b) Has it ever been revised? \_\_\_\_\_

9(A) Does LVSWSB have an organization structure? Please tick one

a) Yes [  ]                      b) No [  ]

(B) Has it ever been revised? Please tick one

a) Yes [  ]                      b) No [  ]

(C) Does structure pose any challenges in Strategy implementation? Please tick one a) Yes [  ]                      b) No [  ]

(D) Please mention any three challenges posed \_\_\_\_\_

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E) What measures have been taken to overcome or cope with the challenges posed by the structure? \_\_\_\_\_

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10 A) Is the Top management fully committed in providing leadership in strategy implementation? Please tick one a) Yes [  ] b) No [  ]

B) What challenges have been posed by leadership? \_\_\_\_\_

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C) What measures has LVSWSB taken to cope with the challenges posed by leadership? \_\_\_\_\_

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11 A) Do you consider LVSWSB's organizational culture as a hindrance to strategy implementation? Please tick one a) Yes [  ] b) No [  ]

B) While implementing strategies of LVSWSB, How has it ensured that her culture is compatible? Please explain \_\_\_\_\_

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12A) Adequate resources is a key requirement in strategy implementation, in your own opinion do you consider available resources (human, financial, physical, technological) adequate? Please tick one

a) Yes [  ]                      b) No [  ]

B) Do you consider human resources (right people) play a key role in successful strategy implementation? Please tick one

a) Yes [  ]                      b) No [  ]

C) Mention any three challenges posed by inadequacy of resources \_\_\_\_\_

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D) Which arrangements have been put in place to avail adequate resources for successful strategy implementation? \_\_\_\_\_

13A) Does LVSWSB have policies in place? Please tick one

a) Yes [  ]                      b) No [  ]

B) Are the policies posing any challenge in supporting strategy implementation? Please tick one a) Yes [  ]                      b) No [  ]

C) Has LVSWSB put in place any measures to ensure that current policies support strategy implementation? \_\_\_\_\_

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14A) Is the strategy effectively communicated to staff in your department/section for their understanding, acceptance and participation?

Please tick one a) Yes [  ] b) No [  ]

B) Mention any three challenges posed by communication \_\_\_\_\_

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C) What measures has LVSWSB put in place to enhance communication of her strategy? \_\_\_\_\_

15A) Are your remuneration/reward systems hinged on ability to implement strategy successfully? Please tick one a) Yes [  ] b) No [  ]

B) Which measures has LVSWSB taken to tie rewards to ability to implement strategy? \_\_\_\_\_

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16 Did external environmental factors impact negatively on strategy implementation? Please explain \_\_\_\_\_

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17 Do you encounter any resistance to change from management, staff and customers while implementing your strategy? Please explain. \_\_\_\_\_

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18 Which measures have you put in place to mitigate resistance to strategy implementation? \_\_\_\_\_

19A) Has LVSWSB developed tools to monitor and control strategy implementation? Please tick one a) Yes [  ] b) No [  ]

B) Please mention any three tools that have been developed \_\_\_\_\_

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**Thank you for taking your time to answer the above questions.**



**UNIVERSITY OF NAIROBI**  
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Date 6th October, 2010

**TO WHOM IT MAY CONCERN**

The bearer of this letter... Mr. Onyari Richard Moturi

REGISTRATION NO: D61/71594/2008

The above named student is in the Master of Business Administration degree program. As part of requirements for the course, he is expected to carry out a case study on Challenges of strategy implementation at Lake Victoria South Water Services Board.

He has identified your organization for that purpose. This is to kindly request your assistance to enable him complete the study.

The exercise is strictly for academic purposes and a copy of the final paper will be availed to your organization on request.

Your assistance will be greatly appreciated.

Thanking you in advance.

Sincerely,

**THE COORDINATOR**  
UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
KISUMU CAMPUS  
P.O. Box 825 - KISUMU.

*Handwritten signature*  
**MR. ALEX JALEHA**

**COORDINATOR, SCHOOL OF BUSINESS, KISUMU CAMPUS**