

**STRATEGIC MANAGEMENT PRACTICES AT GENERAL MOTORS EAST  
AFRICA LIMITED**

**BY  
REGINA WOTHAYA MBOGO**

**A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF  
BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF  
NAIROBI.**

**OCTOBER, 2013**

## **DECLARATION**

I hereby declare that this is my original work and has not been submitted for any award at any other institution.

Student:

Signature.....

Date.....

**REGINA WOTHAYA MBOGO**

**D61/70668/2008**

Supervisor:

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

Signature.....

Date.....

**MR. J KAGWE**

School of Business

University of Nairobi

## **ACKNOWLEDGMENT**

From the formative stages to the final draft of this Master of Business Administration project, I owe an immense debt of gratitude to my supervisor, Mr. J Kagwe for his invaluable support towards this project. His constructive criticism, careful guidance and patience enabled me to complete the project in time.

I would also like to thank those General Motors East Africa for availing data that was crucial for the project report would not have been possible. A special thanks goes to the proposal presentation panel and colleagues who were present during the presentation of project proposal.

Finally, but most importantly, I sincerely thank our Almighty God for giving me the strength and providing means to undertake this study. To each of the above, I extend my deepest appreciation

## **DEDICATION**

I dedicate this research project to my husband James Mboru and my daughter Lisa Faith Muthoni for their support and encouragement which kept me going. God bless you.

## **ABSTRACT**

The grand promise of strategic planning has been to increase the efficiency and effectiveness of organizations by improving both current and future operations. Strategic planning provides a framework for management's vision of the future. The process determines how the organization will change to take advantage of new opportunities that help meet the needs of customers and clients. The strategic planning process is used by management to establish objectives, set goals, and schedule activities for achieving those goals and includes a method for measuring progress. Our study aimed at examining the strategic management practices at General Motors East Africa Limited. The study reviewed related literature based on objectives of the study in order to establish the what others studies say about strategic planning. The study used a case study of General Motors East Africa. A case study will be the most appropriate in meeting the research objectives by providing detailed explanation of strategic management practices at General Motors East Africa Limited. The researcher used primary and secondary sources of data for this study .The primary data was collected through interview guides. This allowed the respondents ample time to respond to questions asked bearing in mind that the interviews will be administered during working hours. Secondary data on strategic plans was obtained from the records of General Motors East Africa in Kenya. Key interviewees of the study were general manager, operations manager, product manager, marketing manager, strategy and development managers. The collected data was examined for completeness and clarity. Data collected was thereafter analyzed using content analysis. The findings show that there exists a strategic plan that is followed in GMEA for their operations. The plan is used to guide the company on the way forward. The study established that, majority of the respondents agreed to a great extent that General Motors East Africa Limited applied the following measures to improve the planning process and get optimal results from strategic planning process; strategy development is combined with capital allocation, and management team treats strategic planning as part of its daily responsibilities respectively, from the findings the top management was committed towards strategy implementation plans. The commitment by the top management affected to a very great extent the strategy implementation. The study also found out that the top management's commitment to the strategic direction is significant factor and that the managers must demonstrate their willingness to give energy and loyalty to the implementation process for it to succeed and not spare any effort to persuade the employees of their ideas for strategy implementation to be effective at General Motors East Africa Limited. The study recommends that the management should ensure that they employ and deploy qualified and competent individuals. In addition, the study recommends that General Motors East Africa Limited should employ monitoring/supervision mechanism, to allow efficiency in strategy implementation.

<b>TABLE OF CONTENTS</b>	
<b>DECLARATION.....</b>	<b>ii</b>
<b>ACKNOWLEDGMENT .....</b>	<b>iii</b>
<b>DEDICATION.....</b>	<b>iv</b>
<b>ABSTRACT.....</b>	<b>v</b>
<b>CHAPTER ONE: INTRODUCTION.....</b>	<b>1</b>
1.1 Background of the Study.....	1
1.1.1 Strategic management practices .....	2
1.1.2 Motor Vehicle Industry in Kenya.....	4
1.1.3 General Motors East Africa Limited .....	5
1.2 Research Problem.....	6
1.3 Research Objective.....	8
1.4 Value of the Study.....	8
<b>CHAPTER TWO: LITERATURE REVIEW .....</b>	<b>10</b>
2.1 Introduction .....	10
2.2 Theoretical Foundation of the Study.....	10
2.3 The Concept of Strategy.....	11
2.4 Strategic Management Practices .....	13
2.4.1 Strategy formulation.....	13
2.4.2 Strategy Implementation.....	15
2.4.3 Strategy evaluation and control .....	16

2.5 Challenges of strategic management.....	18
<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>22</b>
3.1 Introduction.....	22
3.2 Research Design.....	22
3.3 Data Collection.....	22
3.4 Data Analysis .....	23
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION .....</b>	<b>24</b>
4.1 Introduction.....	24
4.2 Data analysis .....	24
4.3 Strategic management practices at GMEA .....	25
4.3.1 Vision and mission statements .....	25
4.3.2 Policy documents used in strategy formulation.....	25
4.3.3 Process of developing the vision and mission statements .....	26
4.3.4 Process of setting objectives.....	27
4.3.5 Communicating the objectives .....	29
4.3.6 Does the organization prepare and document strategic plans.....	29
4.3.7 Process of developing strategic plans.....	30
4.3.8 Situational analysis during the planning process.....	31
4.3.9 Involving the member's in the development of the strategic plan .....	31
4.3.10 Other stakeholders have you involved in the strategic planning .....	32

4.3.11 Challenges encountered by General Motors East Africa Limited while responding to changes internal and external environment .....	33
4.4 Strategy Implementation .....	35
4.4.1 Process of implementing strategies .....	35
4.4.2 How strategies are communicated to employees.....	36
4.4.3 Ways the employees are empowered to implement chosen strategies .....	37
4.4.4 Measures are in place to recruit and retain best employees .....	38
4.4.5 Challenges encountered in implementation of strategies and how have they been dealt with.....	39
4.5 Strategy Evaluation .....	40
4.5.1 Monitoring success of General Motors East Africa Limited’s strategic plan ..	40
4.5.2 Reviewing of the strategic plan .....	42
4.5.3 Corrective measures and procedures in the strategic management process .....	42
4.5.4 Those involved in strategy evaluation .....	43
4.5.5 Challenges faced when evaluating the strategy .....	44
4.6 Discussion of the Study.....	45

**CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS48**

5.1 Introduction .....	48
5.2 Summary of the Findings .....	48
5.3 Conclusions .....	50
5.4 Recommendations for policy and practice .....	52
5.5 Limitation of the Study .....	53



5.6 Recommendation for further studies .....	53
<b>REFERENCES.....</b>	<b>54</b>
<b>APPENDICES.....</b>	<b>60</b>
<b>Appendix I: Interview Guide .....</b>	<b>60</b>
<b>Appendix II: Local Studies.....</b>	<b>Error! Bookmark not defined.</b>

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Strategic management is the art, science and craft of formulating, implementing and evaluating cross-functional decisions that will enable an organization to achieve its long-term objective (Pearce and Robinson 2003). It is the process of specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives and then allocating resources to implement the policies, and plans, projects and programs. Strategic management seeks to coordinate and integrate the activities of the various functional areas of a business in order to achieve long-term organizational objectives. Strategic management seeks to provide solutions to these issues by maintaining a long term focus to anticipate and deal with issues facing the organization with a view of long term growth, profitability and survival (Robbins and Coulter 2004). Thompson and Strickland (1993) are of the opinion that strategic management focuses on the total enterprise as well as the environment in which it operates, the direction management intends it to head, management's strategic plan for getting the enterprise moving in that direction and the managerial task of implementing and executing the chosen plan successfully.

Strategic management theory emphasis on the idea that resources, firms, and industries are different from each other, that capital and labor are specialized for particular projects and activities, and that people (human capital), are distinct, is constantly encountered in strategic management theory and practice. That macroeconomic models assume factors

of production in an economy are homogeneous is interesting, the authors point out, because this assumption creates problems for macroeconomics in both explaining the current crisis, and in deriving solutions (Hill, and Jones, 2005). The industrial economic theory provides overview of industrial organization, such as measures of competition and the size-concentration of firms in an industry. A second uses microeconomic models to explain internal firm organization and market strategy (Chamberlin, 1965). A third aspect is oriented to public policy as to economic regulation, antitrust law, and, more generally, the economic governance of law in defining property rights, enforcing contracts, and providing organizational infrastructure.

General Motors East Africa have long recognized that for success to be sustained, a strategic fit between the organizational goals and capabilities and the changing, unpredictable and complex social and operating environment is required. In order to attain this fit, a focused strategic practice in organization is needed. There is need for the strategic planning and practicing to be properly managed and maintained in full participation.

### **1.1.1 Strategic management practices**

Strategic management can be considered as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company or organization's objectives. It consists of the analysis of decisions and actions an organization undertakes in order to create and sustain competitive advantages. Thompson and Strickland (2007) opined that strategic management focuses on the total enterprise as

well as the environment in which it operates, the direction management intends it to head, management's strategic plan for getting the enterprise moving in that direction and the managerial task of implementing and executing the chosen plan successfully.

Strategic management practices involves a set of processes that are employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Mullins, 1999). Balancing strategic management's outward-, inward-, and forward-looking functions helps develop a vision and a strategy for where and how to move organization reform forward. Balancing these different perspectives is the essence of managing strategically (Kerzner, 1989). Strategic management therefore involves identifying of long-range targets, scanning of the organization's operating environments, evaluating the organization's structures and resources, matching these to the challenges the organization face, identifying stakeholders and building alliances, prioritizing and putting in place plan of actions, and making adjustments to fulfill performance objectives over time.

Brinkerhoff (1994) characterizes strategic management practices as looking out, looking in, and looking ahead. "Looking out" means exploring beyond the boundaries of your organization to set feasible objectives, identify key stakeholders, and build constituencies for change. "Looking in" implies critically assessing and strengthening your systems and structures for managing personnel, finances, and other essential resources. Finally, "looking ahead" entails welding strategy with structures and resources to reach policy goals, while monitoring your progress and adjusting your approach as needed. An

organization's strategy must be appropriate for its resources, circumstances and objectives.

### **1.1.2 Motor Vehicle Industry in Kenya**

Road transport is the leading form of transportation in Kenya. It is estimated that roads carry 93% of all passenger and cargo traffic in the country ([www.krb.go.ke/index.php/classification](http://www.krb.go.ke/index.php/classification)). By the end of 2010 there were a total of 1.4 million registered motor vehicles in the country, made up of buses, lorries, motor cars, pick-ups, trailers and motor cycles (Statistical Abstract 2011). The majority (82%) of motor vehicles in use on Kenyan roads were saloon cars for personal use, as opposed to commercial vehicles such as buses and lorries.

The past decade has seen a steady rise in the total number of motor vehicles imported into and sold in Kenya, driven by a growing population, rising incomes, faster economic growth and greater access to credit from the banking sector to finance car purchases. This sales growth has been accompanied by greater choice for motor vehicle buyers, with a wider variety of vehicle makes and models available for purchase from both new and used car dealers.

Motor vehicle sales in Kenya can be divided into two main categories: new vehicle sales from established motor dealers who hold local franchises from international vehicle manufacturers and specialise in the sale of a few selected vehicle brands, and second-

hand or used car sales from sellers who operate in a more informal environment and sell a wide variety of vehicle brands depending on their popularity in the local market.

Used car sales currently dominate the Kenyan motor vehicle industry. As economic growth began to rise and demand for vehicles increased during the period 2000-2005, many prospective car buyers found themselves unable to afford highly priced new cars, while the supply of existing second-hand vehicles proved inadequate to satisfy demand. This created an unmet need that was recognised and exploited by local entrepreneurs who established motor dealers specialising in the sale of used motor vehicles imported directly from abroad, mainly from Japan, Dubai and Singapore. Taking advantage of low barriers to entry and low government regulation, the used car sector has grown to command more than 75% of total annual car sales in Kenya (KMI data and Statistical Abstract 2011).

In contrast to the rapid growth of the used car sector, Kenya's total new vehicle sales have increased much more slowly over the same period. The high prices of new cars relative to the majority of Kenyans' incomes means that new car dealers are forced to rely heavily on corporate car buyers, the government and high net worth individuals for most of their sales.

### **1.1.3 General Motors East Africa Limited**

General Motors East Africa was officially inaugurated in 1977 as a joint venture between the Government of Kenya and General Motors Corporation of the United States. The company sources commercial vehicles from Isuzu Motors of Japan an affiliate of General Motors Corporation for assembly. The vehicle assembly operation ranges from light to

heavy-duty commercial trucks and buses, which contribute significantly to the agricultural, industrial and transport sectors of Kenya's economy.

In addition to the locally assembled vehicles, General Motors East Africa also imports Isuzu and Chevrolet vehicles from Korea and the German designed and engineered Opel passenger cars in the form of complete built up units. To suit local infrastructure and environmental conditions, the company re-engineers its products for additional protection and strength in critical areas radiator, under-carriage, suspension, chassis and cab. As part of the General Motors Corporation, the company works on implementing best practices in all her areas of operation.

To support the marketing and distribution effort, General Motors East Africa has established eight automobile dealerships in Kenya with branches countrywide offering vehicle sales, parts and service back up. There are also over 30 spare parts dealers countrywide. The company ensures all its dealers have ample stock of spare parts sourced from its regional warehouse in Nairobi which stocks over 40,000 different parts.

## **1.2 Research Problem**

Strategic management emphasizes formal techniques for setting an organization's long-term course, developing plans in the light of internal and external circumstances, and undertaking appropriate action to reach those goals (Goldsmith, 1997). Strategic management makes considerable contribution in recognizing and responding to market changes; new opportunities and threatening developments and also provides the rationale

for management in evaluating competing requests for investment, capital and new staff thus giving an organization proactive rather than reactive posture.

General Motors East Africa provides basic training to parts representatives in the areas of product familiarization, inventory control and parts order forecasting strategic management. General Motors East Africa Ltd has approximately 350 employees distribution in the Human Resources, Security and Transport, the Engineering and Product Development and Material Management, Finance and Information Software and Systems, Customer relations, Direct sales, After sales and marketing, and Service Departments. Each Department is headed by a manager who reports to the respective directors. Under a changed market environment, the motor vehicle sector has continued to exhibit a high degree of vibrancy. More than ever before, the numbers of vehicles already on the Kenyan roads, and those that are being imported keep increasing rapidly. The study, therefore, was set to investigate strategic planning practices in motor vehicle industry in Kenya.

A number of studies on strategic management practices in various organizations in Kenya have been carried out in the past. Bett (1995) found out that due to economic reforms in the country, firms in the dairy industry made substantial changes in their change management in order to survive in the turbulent environment. Njau (2000) who noted that there is needed change when environmental conditions change, supported these findings. Although further studies by Njanja (2002), Mbogo (2003), Ogwora (2003), Kathuku (2004) and more local research in appendix II. The researcher noted that more Kenyan



organizations have responded to the changing environmental conditions; they did not focus much on how changes in management have been managed and the impact on the introduction of reforms and modernization in public corporations in order to ensure sustained success. What are the strategic management practices at General Motors East Africa Limited?

### **1.3 Research Objective**

The objective of the study is to investigate on strategic management practices at General Motors East Africa Limited

### **1.4 Value of the Study**

The findings from the study may particularly be useful in providing additional knowledge to existing and future organizations on strategic management practices adopted to enable them remain competitive. This study may also be beneficial to all motor industry both large and small since they would enhance the realization on strategic planning measures that are majorly employed. The findings may also provide a useful reference document to stake holders in the motor industry and academic institutions in their endeavors to formulate work plan to meet the performance.

Scholars, students and other researchers may also find the study helpful to identify further areas of research built on the findings of this research. The study may be a source of reference material for future researchers on other related topics; it may also help other academicians who undertake the same topic in their studies. The study may also highlight

other important relationships that require further research; this may be in the areas of strategic planning at motor industry

Most importantly, it may help the policy makers both in public and private sector to identify crucial areas in their organizations and make appropriate decisions to ensure that strategic planning is critically emphasized on. Also, through this study leaders and managers in motor industry may learn and make responsible strategic plans and policy decisions that are meant to facilitate and sustain high organizational performance, and manage organizational and national resources so that organisations and societies can benefit from them in the future.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered in this chapter are concept of strategy, strategic management process, strategic management practices and challenges of strategic management.

### **2.2 Theoretical Foundation of the Study**

The industrial economic theory provides overview of industrial organization, such as measures of competition. This is the relationship between firm behavior and market structure that has been a central focus of study in the field of industrial organization which brings the emphasis on firms behavior and market structure through the SCP paradigm (Structure-Conduct-Performance) (Church and Ware, 2000). Although the intangible internal strategic resources of a firm (knowledge and also tacit knowledge) and their integrated and broad use are vital for product differentiation to be successful, they are not enough to carry out product differentiation successfully either in terms of market/customer share or margins. The solution concepts derived from industrial economic theory may be thought of as normative or descriptive views of multi-person decision-making (Shubik, 1972). Application of those strengths in either a broad (industry wide) or narrow (market segment) scope results in three generic strategies: Cost leadership, differentiation and focus. These three strategies are supposed to be applied on a business unit level.

Operational level strategy was encouraged by Drucker (1954) in his theory of management by objectives (MBO). Operational level strategies are informed by business level strategies which, in turn, are informed by corporate level strategies. Business strategy, which refers to the aggregated operational strategies of single business firm or that of an SBU in a diversified corporation refers to the way in which a firm competes in its chosen arenas. This evolved into his theory of management by objectives (MBO). According to Drucker (1954), the procedure of setting objectives and monitoring your progress towards them should permeate the entire organization, top to bottom. His other seminal contribution was in predicting the importance of what today we would call intellectual capital. He predicted the rise of what he called the “knowledge worker” and explained the consequences of this for management. He said that knowledge work is non-hierarchical.

### **2.3 The Concept of Strategy**

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 (Johnson and Scholes, 2008). A Firm’s strategy is managements’ action plan for running the business and conducting operations (Thompson et al, 2007). Strategy can be defined as the balance of actions and choices between internal capabilities and external environment of an organization. Accordingly, strategy can be seen as a plan, play, pattern, position and perspective (Mintzberg et al, 2009).

According to Bateman and Zeithman (1993), a strategy is a pattern of actions and resource allocations designed to achieve the goals of the organization. The strategy an organization implements should be directed toward building strengths in areas that satisfy the wants and needs of consumers and other key actors in the organizations' external environment. It therefore forms a comprehensive modern plan that states how the organization will achieve its mission and objectives, maximizes competitive advantage and minimizes competitive disadvantage.

There are different forms of strategy (Johnson et al., 2008). Corporate level strategy is concerned with the overall scope of an organization and how value will be added to the different parts (business units) of the organization. This could include issues of geographical coverage, diversity of products/services of business units, and how resources are to be allocated between different parts of the organizations. Wechsler et al (1986) reporting on Ohio state agencies revealed four distinct public sector strategies: Developmental, Transformational, Protective and Political strategy. Developmental strategy is exhibited by public sector organizations in the developing mode striving to enhance organizational status, capacity and resources with a view creating a new and different organizational future. Transformational strategies are conditioned by commitment to fundamental change, either internal or external. Due to high level of external control, an organization with a transformational strategy usually has a policy or political orientation.

## **2.4 Strategic Management Practices**

Strategic management practices involve the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. It is the formal process, or set of processes, used to determine the strategies (actions) for the organization. It focuses on many areas, including the integration of management; marketing; finance/accounting; production/operations; research and development; and computer information systems (McKernian, 2006).

Strategic management as a practice involves behaviors and actions that are determined by both individual human agency and structural/institutional forces. Individuals and groups who are embedded in social structures that are reproduced and shaped by individual and group actions make strategic choices (Jarzabkowski, Balogun and Seidl, 2007). According to Vinzant and Vinzant (1996), strategic management is a process carried out at the top of the organization, which provides guidance, direction and boundaries for all aspects of operational management.

### **2.4.1 Strategy formulation**

Strategic formulation includes the setting of the mission, goals and objectives for the organization, the analysis of the external environment as it affects the organisation, together with its internal resources and the choice of strategic alternatives. Strategy formulation is the development of long-range plans for they effective management of environmental opportunities and threats, taking into consideration corporate strengths and weakness Johnson and Scholes (2002). It includes defining the corporate Vision, mission,

specifying achievable objectives, developing strategies and setting policy guidelines Mintzberg (1991). Vision is a short, succinct and inspiring statement of what the organization intends to become and to achieve at some point in the future. Its often state in competitive terms Rosen (1995).

An organization's mission is its purpose, or the reason for its existence. It states what it is providing to society Johnson and Scholes (2002). A well-conceived mission statement defines the fundamental, unique purpose that sets a company apart from other firms of its types and identifies the scope of the company's operation in terms of products offered and markets served Thomson (1999). Objectives are the end results of planned activity; they state what is to be accomplished by when and should be quantified if possible Grant (2005). The achievement of corporate objectives should result in fulfillment of the corporation's mission (David, 1989).

According to Mintzberg (1999), every product or business unit must follow a business strategy to improve its competitive position. A corporation's directional strategy is composed of three general orientations towards growth (sometimes called grand strategies): Growth strategy expands the company's activities, Stability strategies make no change to the company's current activities and Retrenchment strategies reduce the company's level of activities. Assessment of stakeholder power and the impact of the organization's culture on strategic decision-making are also important areas for analysis. Strategic choice is based on factors such as what is desirable for the organization, what it

is feasible for it to achieve with the available resources and competences and what is the desirability of potential strategies.

#### **2.4.2 Strategy Implementation**

Strategic implementation is concerned with affecting the chosen strategy for the organisation that is, putting the strategy into practice. Strategic implementation always involves a degree of change and the effective management of change can significantly affect the successful implementation of the desired strategy Alexander (1985). Strategy formulation and strategy implementation are the two sides of same coin. Depending on how the corporation is organized those who implements strategy will probably be a much more divorced group of people than those who formulate it. Most of the people in the organization who are crucial to successful strategy implementation probably had little to do with the development of corporate and even business strategy. Therefore they might be entirely ignorant of vast amount of data and work into formulation process. This is one reason why involving middle managers in the formulation as well as in the implementation of strategy tends to result in better organizational performance Johnson and Scholes (2002). The managers of divisions and functional areas worked with their fellow managers to develop programs, budgets and procedures for implementation of strategy Johnson and Scholes (2002). They also work to achieve synergy among the divisions and functional areas in order to establish and maintain a company's distinctive competence.



According to Mintzberg (1994), the strategy implementation phase of the strategic process represents programming whereby strategic statements are converted into activities or steps needed to accomplish a single plan (i.e. developing programs). Strategic programming provides support for documenting, scheduling, budgeting, and integrating strategies and transforms decisions into specific action patterns for implementation. Johnson et al (2008) argues that strategy implementation involves organizational structure, resource planning and management of strategic change through introduction of appropriate culture.

One of the goals to be achieved in strategy implementation is synergy between functions and business units, which is why corporations commonly reorganize after an acquisition King (2002). The acquisition or development of additional product lines is often justified on the basis of achieving some advantages of scale in one or more of company's functional areas. Implementation also involves leading, motivating people to use their abilities and skills most effectively and efficiently to achieve organizational objectives Slack (2002). Leading may take the form of management leadership communicated norms of behavior from the corporate culture or agreement among workers in autonomous work groups.

#### **2.4.3 Strategy evaluation and control**

Strategic evaluation is perhaps the less-researched part of the strategy process but it is vital in assessing the level of success of the chosen strategy. It is not only concerned with performance and performance measures but also helps to signal when the strategy requires adjustment in the light of experience and in the context of a rapidly changing

external environment, as strategy is a continuous process rather than a single event that involves four basic elements.

Evaluation of schools that are members of British Curriculum Schools of Kenya (BCSK) for instance involves examining how the strategy has been implemented as well as the outcomes of the strategy Coulter (2005). This includes determining whether deadlines have been met, the implementation steps and processes are working correctly and whether the expected results have been achieved. If a shortcoming is discovered against the mentioned outlined expected results, then the strategy can be modified or reformulated Johnson and Scholes (2002). The process of Strategy Evaluation consists of following steps Rosen (1995): Fixing benchmark of performance: While fixing the benchmark, strategists encounter questions such as; what benchmarks to set, how to set them and how to express them. In order to determine the benchmark performance to be set, it is essential to discover the special requirements for performing the main task. The performance indicator that best identify and express the special requirements might then be determined to be used for evaluation. The organization can use both quantitative and qualitative criteria for comprehensive assessment of performance.

The standard performance is a bench mark with which the actual performance is to be compared. The reporting and communication system help in measuring the performance. If appropriate means are available for measuring the performance and if the standards are set in the right manner, strategy evaluation becomes easier. But various factors such as manager's contribution are difficult to measure. Similarly divisional performance is

sometimes difficult to measure as compared to individual performance. Thus, variable objectives must be created against which measurement of performance can be done. The measurement must be done at right time else evaluation will not meet its purpose. For measuring the performance, financial statements like – balance sheet, profit and loss account must be prepared on an annual basis.

## **2.5 Challenges of strategic management**

There are challenges associated with strategic management. According to Alexander (1985), the most frequently occurring strategy implementation problems include deficiency of resources, underestimating the time needed for implementation, poor communication systems and resistance to change.

Deficiency of resources is a common strategy implementation challenge. David and Sabine (2006) argue that a number of factors commonly prohibiting effective resource allocation include overprotection of resources, great emphasis on short-run financial criteria, organizational policies, vague strategy targets, reluctance to take risks and lack of sufficient knowledge. Kandie (2001) concluded that whereas Telkom Kenya Limited realized the need to change strategy due to change in the competitive environment, they lacked adequate resources and managerial empowerment to do so.

Lack of sufficient communication is a major challenge experienced in the implementation of strategic initiatives in many cases. Aaltonen and Ikavaiko (2002) stated that the amount of strategic communication in most organizations is large. Both written and oral

communication is used in the form of top down communication. However, a great amount of information does not guarantee understanding and there is still much to be done. To improve understanding and responsibility, communication should be two-way. It should also be an ongoing activity throughout the implementation process. According to Analoui et al (2003), an organization's mission statement should be understandable and clearly make sense to stakeholders, in order to avoid confusing stakeholders about the purpose of the organization.

Before any strategic initiative can be implemented, it must be clearly understood. Lack of understanding of a strategy is another obstacle of strategy implementation (Aaltonen et al, 2001). They point out that many organizational members typically recognize strategic issues as important and understand their context in generic terms. However, the problem in understanding arises when it comes to applying strategic issues in the day-to-day decision-making.

Change may result to conflict and resistance. The behavior of individuals ultimately determines the success or failure of organizational endeavors, the top management concerned with strategy, and its implementation must take note of this. Organizational politics remains another key challenge in strategy implementation. Organization politics are tactics that strategic managers engage in to obtain and use power to influence organizational goals and change strategy to further their own interest (Johnson and Scholes, 2008).

Top-level managers constantly come into conflict over what correct policy decisions should be. According to them, the challenge organizations face is that the internal structure of power always lags behind changes in the environment because in general, the environment changes faster than the organization can respond. Resistance to change can exist at the organizational level; indeed, it is argued that organizational change is inherently resisted as the organization tries to neutralize the impact of attempts at change (Kavanagh and Ashkanasy, 2006).

Resistance at the organizational level can be caused by the organizational culture and reluctance to change, particularly in the bureaucratic or mechanistic culture that predominate some organizations. Armenakis and Beideian (1999) state that change begins at the individual level and therefore resistance or support of any organisational change are in the end individual decisions and behaviours. Thus it is imperative that there is a more person-centred investigation of organisational change (Armenakis, Harris and Field, 1999).

Rational forces in strategy formation influence organizational actors to use formal techniques of information collection and situation analysis and formal criteria of evaluation and decision-making, and to institutionalize formal processes of planning, coordination, and control. When influenced by rational forces, strategies tend to be explicit, formulated, comprehensive, and integrated at high organizational levels. Information used in strategic analysis must be regarded as objective, and actions are

measured against and applied to achieve predefined, overall organizational goals (Gatignon and Reibstein, 1997).

According to Johnson and Scholes (2008), Learning forces influence strategic management practices when organizational members experiment, self-organize, or behave in other self-directed ways, and when new patterns of action and norms of behavior that emerge from such actions are adopted and internalized at the organizational level. Under the influence of such learning forces, strategy tends to emerge in an evolutionary way, spreading through feedback cycles, mutual adjustments, and experience accumulation among strategy actors.

Political forces influence strategy formation when individuals or subgroups of organizational actors pursue their own diverse goals and promote their own interests, which are at least partially conflicting in nature. Decision outcomes and organizational strategy will then reflect the actors' relative degrees of power within an organization, along with their will and skill in coalition building and playing power games. Political forces therefore tend to influence the strategy formation process from outside the legitimate and institutionalized systems for setting strategy. The consequences of internal politics have in general been viewed by political writers as positive and as a predominantly constructive part of organizational decision-making. Salancik and Pfeffer (1977), argue that despite the potential sub-optimization effects of internal politics, not allowing politics to influence strategic decisions would be worse, because the interpretations and preferences of managers would go unquestioned.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The chapter presents the research methodology used in the study. It covers the research design, data collection, and research instruments and data analysis techniques.

### **3.2 Research Design**

The research design was a case study of General Motors East Africa. It involved an in-depth strategic management practices at General Motors East Africa Limited. A case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit (Denscombe, 2007).

A case study was the most appropriate in meeting the research objectives by providing detailed explanation of strategic management practices at General Motors East Africa Limited. A case study also places more emphasis on full contextual analysis of fewer elements and their inter-relationships which relies on qualitative data (Cooper and Schindler, 2005).

### **3.3 Data Collection**

In order to comprehensively study strategic management practices at General Motors East Africa Limited, the researcher used primary and secondary sources of data for this study. The primary data was collected through interview guides. This allowed the respondents ample time to respond to questions asked bearing in mind that the interviews were administered during working hours. Guided interviews were useful data collection

methods for enabling respondents give details about significant issues of interest. Data collection was by means of the interview guides for all respondents as this ensured confidentiality for the interviewees. The items on the interview guide sought to elicit background information, and strategic responses applied by the company.

Secondary data on strategic plans was obtained from the records of General Motors East Africa in Kenya. Key interviewees of the study were general manager, operations manager, product manager, marketing manager, strategy and development managers and business development manager who are key and directly responsible for making strategic decisions at General Motors East Africa in Kenya.

### **3.4 Data Analysis**

The collected data were examined for completeness and clarity. Data collected was thereafter be analysed using content analysis. The content analysis technique was used because it assists in making inferences by systematically and objectively identifying specific messages and relating them with their occurrence trend. Denscombe (2007) successfully used the technique of content analysis to analyse data collected from a case study.



## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter entails data analysis data analysis, results and discussion. The main objective of the study was to examine strategic management practices at General Motors East Africa Limited. The main objective of the study was achieved through determination of the Strategic Planning Practices, Strategy formulation, Strategy implementation and Strategy evaluation and control of General Motors East Africa Limited.

### **4.2 Data analysis**

Data was collected using interview guides administered to top level management in General Motors East Africa Limited who includes the managing director who have been at General Motors East Africa Limited for the last three years in the current capacity but have been working at General Motors East Africa Limited for the last seventeen years. Operations manager have been in the present capacity for the last four year which he was promoted from logistics deputy where he worked for two years. Product manager has been in the present job description for the last five years. Marketing manager is the longest serving manager at GM where he has worked for eighteen years, strategy and development managers /business development manager has been in operation for the last two years. This team is directly responsible for making strategic decisions at General Motors East Africa in Kenya.

### **4.3 Strategic management practices at GMEA**

#### **4.3.1 Vision and mission statements**

The interviewees indicated that there existed vision and mission statements in general motors limited. General Motors East Africa Limited is a multinational corporation engaged in socially responsible operations, worldwide. It is dedicated to provide products and services of such quality that our customers will receive superior value while our employees and business partners will share in our success and our stock-holders will receive a sustained superior return on their investment.

General Motors East Africa Limited has been a leader in the global automotive industry. And the next 100 years will be no different. General Motors East Africa Limited is committed to leading the industry in alternative fuel propulsion. General Motors East Africa Limited vision is to be the world leader in transportation products and related services. We will earn our customers' enthusiasm through continuous improvement driven by the integrity, teamwork, and innovation of GM people.

#### **4.3.2 Policy documents used in strategy formulation**

The managing director indicated that the main policy document used in strategy formulation was Annual budget and market intelligence. The operations manager indicated that the main document used Vision and mission statement and the yearly budget. Other documents that are used for strategy formulation include Strategic business units targets.

### **4.3.3 Process of developing the vision and mission statements**

The managing director indicated that the mission statement describes the overall purpose of the organization. If the organization elects to develop a vision statement before developing the mission statement, they have to first ask themselves questions like “Why the image, the vision exist and what is its purpose?” This purpose is often the same as the mission.

Developing a mission statement can be quick culture specific, i.e., participants may use methods ranging from highly analytical and rational to highly creative and divergent, e.g. focused discussions, divergent experiences around daydreams, sharing stories, etc. Therefore, visit with the participants how they might like to arrive at description of their organizational mission. When wording the mission statement, consider the organization's products, services, markets, values, and concern for public image, and maybe priorities of activities for survival.

Consider any changes that may be needed in wording of the mission statement because of any new suggested strategies during a recent strategic planning process. The respondents indicated that wording of the mission is to the extent that management and employees can infer some order of priorities in how products and services are delivered.

When refining the mission, a useful exercise is to add or delete a word from the mission to realize the change in scope of the mission statement and assess how concise is its

wording.

The interviewees indicated that the vision statement includes vivid description of the organization as it effectively carries out its operations. Developing a vision statement can be quick culture-specific, i.e., participants may use methods ranging from highly analytical and rational to highly creative and divergent, e.g., focused discussions, divergent experiences around daydreams, sharing stories, etc. Therefore, visit with the participants how they might like to arrive at description of their organizational vision. Developing the vision can be the most enjoyable part of planning, but the part where time easily gets away from you. Originally, the vision was a compelling description of the state and function of the organization once it had implemented the strategic plan, i.e., a very attractive image toward which the organization was attracted and guided by the strategic plan. Recently, the vision has become more of a motivational tool, too often including highly idealistic phrasing and activities which the organization cannot realistically aspire.

#### **4.3.4 Process of setting objectives**

The interviewees indicated that the objective set includes the Vision and Mission statement which describe the overall purpose of a company. When the company is setting up the vision and mission it has to first know where it is, check whether that where they want to be and know their destiny as a company. When this is evaluated a company should then (management) come up with the vision and mission that best suits the company.

The interviewees indicated that they first decide on the general focus of the company, know what's best for the neighboring community, Then come up with the mission and vision of the company.

The interviewees indicated that the Vision and Mission is done when the company first identifies why it exist. Then they identify with the right words then come up with a sentence that best depict why they exist.

The interviewees indicated that the process is done though management team which comprises leaders from all functions of GMEA. They are given the vision and target which in turn set targets for different departments.

Executive team that comprises of MD,CFO Directors and all line managers starts the process by setting company objectives that are then used to set team objectives. These team objectives are then used by individuals to set their personal objectives in line with the company objectives.

Top management of the MD, CFO and general managers normally give general objectives and these are given to departmental managers to align their objectives with the overall company

#### **4.3.5 Communicating the objectives**

After objectives are set they are generally communicated by the managing director and the Chief finance officer during all employees meeting but specifics of the objectives are then left to the line manager to explain to the direct report. Communication is also done through meeting but this is then followed by a written communication such as a circular. The departmental managers are then tasked to hold meetings and pass the information to other employees.

The interviewees indicated that after objectives are set they are generally communicated by the managing director and the Chief finance officer during all employees meeting and through emails.

#### **4.3.6 Does the organization prepare and document strategic plans**

Strategic planning is a process that brings to life the mission and vision of the enterprise.

A strategic plan, well crafted and of value, is driven from the top down; considers the internal and external environment around the business; is the work of the managers of the business; and is communicated to all the business stakeholders, both inside and outside of the company.

As a company grows and as the business environment becomes more complex the need for strategic planning becomes greater. There is a need for all people in the corporation to understand the direction and mission of the business. Companies consistently applying a disciplined approach to strategic planning are better prepared to evolve as the market

changes and as different market segments require different needs for the products or services of the company.

#### **4.3.7 Process of developing strategic plans**

There is no one formula or process for strategic planning. There are however, principles and required steps that optimize the value of strategic planning. The steps in the process described in this series of articles on strategic planning are presented below: Current Situation Analysis; Segmentation Analysis; Strength, Weakness, Opportunities, and Threat Analysis; Core Competencies Analysis; Key Success Factors; Business Unit Strategy / Business Plan; Balanced Score Card; Evaluation.

GMEA prepares strategic plan. This is done using situation analysis of where the company is and where it should be and then coming up with plans to help it get there. Strategic plan is developed using market intelligence and evaluation through SWOT analysis and at times it is developed through annual budget, procedures and programs. It then assumes the process as by looking at the mission and vision of the company, it does an environmental scanning, then strategy formulation and finally strategy implementation and evaluation.

Strategic plans are prepared and documented since they have to be reviewed for short term medium plan and long term plan. It is the way to know whether the company is on track or not.

#### **4.3.8 Situational analysis during the planning process**

The managing director indicated that situation analysis is carried using the five porter's forces that include: Threat of new entrants, Threat of new substitutes, bargaining power of customers, bargaining power of suppliers and intensity of competitors. SWOT analysis is a convenient, easy way to identify the relative position of your company to the market, the customer and to the competition. The SWOT analysis tool lends itself to the evaluation of the business overall as well as to specific functional areas within the business.

The interviewee indicated that SWOT analysis is highly considered because involving multiple people in the process expands the strategic thinking. It also improves the opportunity to gain new perspective on the relative effectiveness of the company. Bringing people into the SWOT process from both inside and outside of the company leverages the analysis even further. The views of customers upstream and suppliers downstream from the company add maximum value to a SWOT analysis.

#### **4.3.9 Involving the member's in the development of the strategic plan**

Participatory planning requires the involvement of concerned stakeholders. This includes identifying public concerns and values and developing a broad consensus on planned initiatives. It is also about utilising the vast amount of information and knowledge that stakeholders hold to find workable, efficient and sustainable solutions.



The process of designing a strategic plan was important because it allowed the organisations to agree on and build commitment among stakeholders regarding priorities which were essential to their missions. The active involvement of stakeholders in the above programmes can be observed as stakeholders implement the strategies. Alongside the stakeholders' active involvement, a plan guided the actions of the stakeholders in the planning and implementation processes.

All members are involved and this is done by requesting for suggestions on the best way to achieve and put forward a strategic plan from the employees. It is also done by ensuring there is free flow of information on where the company wants to be and requesting for suggestions from members on how to get there.

The interviewees indicated they involve all members by asking the Departmental managers to request for innovations and suggestions from employees on how to come up with strategic plan.

#### **4.3.10 Other stakeholders have you involved in the strategic planning**

It is generally recognized that stakeholder involvement in the management of institutions is necessary and important. The determination of which stakeholders should be involved is, however, not always obvious, partly because some potential stakeholders may not be interested in or may not have the capacity to add value to a programme/project. Participation *can* be seen as a continuous scale, or continuum, ranging from a low level of stakeholder participation to a high level of participation. The interviewees indicated

that the other stakeholders involved include major GMEA suppliers, customers, dealers, Government bodies and counter parties that provide us with banking and financing are involved in strategic planning.

#### **4.3.11 Challenges encountered by General Motors East Africa Limited while responding to changes internal and external environment**

Internal changes are sometimes met by resistance from dis engaged employees while government regulations sometimes don't favour GMEA and GMEA is is the forced to use a lot of cash that was not planned causing strained budget. We also spend a lot of cash trying to counter wrong information in the marketing on GMEA products and also meeting environmental safe guarding requirement.

For external environment The company face a lot of challenges in trying to get new suppliers when existing close shop and also resistance from employees who do not understand that changes must happen.

The interviewees indicated that Organizational structure and design; and strategy implementation; translating the strategy into organizational action by using the structure of the organization will also be dependent on the type of structure in use in the organization. This is so because the needs of a multinational organization are different from those of a small business. It is also possible that the extent of devolution or centralization can influence strategy implementation. For example using a matrix structure which often takes the forms of product and geographical divisions or functional

and divisional structures operating in tandem; the time taken for decisions to be made may be much longer than in more conventional structures. The organizational structure and design aspect of the strategy implementation deals with how the human resources in the organization are mobilized and organized to bring about the corporate strategy. The main significant problems encountered through the usage of organizational aspect in strategy implementation are the fact that most of the employees can leave the firm if they feel that they are not motivated. This is particularly so where the CEO or senior management imposes the strategy on the employees.

Another problem encountered here is the way and manner information is passed down or up the ranks. If there is a blockage which impedes the flow of information processes it means that decisions would be made based on outdated or obsolete information. This can be solved by devolving the central command for easy flow of information among all rank and files especially in implementing a new strategy in a business. Recognition must be given to organizational structure and designs set up where operational and strategic decisions are made, there should be compromise if implementing a new strategy will succeed in any business.

One of the major problems of strategy implementation as a result of resource planning is a failure to translate statements of strategic purpose, such as gaining market share into critical factors that will make the purpose achievable and ultimately achieved. This a critical success factor analysis can be pursuing as a start in resource planning. A detailed examination of the timing has to be done if production and its marketing would be a

success; as well as the allocation of funds for this undertaking. The problem here is that due to the non-uniformity in the times needed for the various activities, it is difficult to know where to start.

#### **4.4 Strategy Implementation**

This part is divided in the following section; process of implementing strategies, strategies are communicated to employees, ways the employees are empowered to implement chosen strategies, measures are in place to recruit and retain best employees and challenges encountered in implementation of strategies and how have they been dealt with.

##### **4.4.1 Process of implementing strategies**

A strategic plan is of little use to an organization without a means of putting it into place. In fact, implementation is an essential part of the strategic planning process, and organizations that develop strategic plans must expect to include a process for applying the plan. The general manager indicated that developing an organization having potential of carrying out strategy successfully, then there is Disbursement of abundant resources to strategy-essential activities, creating strategy-encouraging policies, Employing best policies and programs for constant improvement and making use of strategic leadership.

The interviewees indicated that to achieve effective implementation, GMEA ensures that any changes initiated by the strategic plan are reflected in areas such as budgeting, reward schemes and information systems. The overall goal is to integrate the results of strategic planning with daily, weekly and monthly routines. The goals articulated in the

strategic plan drives marketing and sales efforts, human resources practices and research and development. These goals become a central part of the business by guiding daily operational activities.

GMEA first evaluates its strategic plan. The first step in the implementation process is that they step back and make sure that they know what the strategic plan is. It is reviewed carefully, and they highlight any elements of the plan that might be especially challenging. Recognize any parts of the plan that might be unrealistic or excessive in cost, either of time or money. The issues are highlighted GMEA makes sure they are kept in mind as they begin implementing the strategic plan. They also keep back-up ideas in mind in case the original plan fails.

GMEA then selects team members to help in implementing the strategic plan. When new strategies are agreed on by management, Departmental managers are required to pass information to those that report to them. The strategy is then implemented by appointing the overseer of the whole project. Resources are allocated to them and set deadline set on when to implement. When there is consensus on strategies to be used at GMEA, they are communicated to employees; implementation method is discussed by departmental heads and deadlines of implementation given to employees.

#### **4.4.2 How strategies are communicated to employees**

GMEA is always eager to accomplish strategic goals by establish well-defined communications strategies. A well-defined strategy is one that engages employees and

aligns with the organization's business goals. The Communications group at GMEA was created to assure employees received useful, timely, and consistent communications. They partner with performance technologist and the line of business to ascertain that communications support and enhance performance throughout the organization.

GMEA Conducts a training session or meeting. They call for a meeting or a training session where the CEO and top managers of the GMEA go over the business strategies with the employees. Explain what each of the business strategies are for the business and why these particular strategies are set for the business. After the big meeting they then give the mandate the departmental heads to ha hold individual department meetings to go over the strategies that pertain more specifically to this division of the company.

#### **4.4.3 Ways the employees are empowered to implement chosen strategies**

The interviewees indicated that employee empowerment is a strategy and philosophy that enables employees to make decisions about their jobs. Employee empowerment helps employees own their work and take responsibility for their results. Employee empowerment helps employees serve customers at the level of the organization where the customer interface exists. GMEA empowers employees by implementing practices that help employees feel confident, capable, and in control of the outcome of their work, they feel empowered to do that work effectively and without excessive oversight or micromanagement. Ideally, this ensures commitment to the company's core mission and vision, which results in greater productivity over the long term.

The interviewees also indicated that employees are empowered by ensuring that there are benefits that are very attractive and also opportunities to grow are presented. Also they do it by giving good terms of employment and setting high qualification standards and people of high integrity and by ensuring resources required in implementation and support of the management are available.

#### **4.4.4 Measures are in place to recruit and retain best employees**

The human resource manager indicated that they ensure all employees have a clear understanding of the organization's current and future business strategies by training the effectively. They also do identification of the key gaps between the talent in place and the talent required to drive business success. A sound talent management plan is designed to close the talent gaps. It is also integrated with strategic and business plans.

The interviewees indicated that accurate hiring and promotion decisions are made in the human resource department. Connection of individual and team goals to corporate goals and providing clear expectations and feedback to manage performance. Development of talent to enhance performance in current positions as well as readiness for transition to the next level. Their focus is not just on the talent strategy itself, but the elements required for successful execution.

The HR manager indicated that the Human resources department has set the minimum requirement for any one joining GMEA as an employees and ensuring retention through very reasonable pay.

#### **4.4.5 Challenges encountered in implementation of strategies and how have they been dealt with**

The interviewees indicated that increased business competitiveness and the dynamic external environment have placed important emphasis on corporate strategy of general motors . In Kenya, firms are operating under increasing competitive environment that puts them under pressure to continually review their strategic plans or formulate new ones to suit the existing trends. Effective strategic management creates a productive alliance between the nature and demands of the environment, the organization's culture and values, and the resources that the organization has at its disposal. The process of Strategy implementation is very critical to the success of either GMEA undertaking and can pose a number of challenges. The challenges arise from sources that are internal and external to the organization and will depend on the type of strategy, type of organization, and prevailing circumstances.

The interviewees indicated that much of the time implementation of strategic plans poses the greatest challenge in strategic management as this, by and large, would determine the actual outcomes and results of the firm's strategic plan. It therefore appears at the end of the strategic planning processes whose other ingredients include idea conception in the mission and vision, tactical plans and operational objectives. Effective implementation of strategic plan does not guarantee results as planned. The strategy itself as well as the implementers and the implementation process can influence the outcome.



The interviewees indicated that one challenge faced include Resistance to change: The difficulty of driving significant change in an industry rooted in autonomy and individual behaviors is not to be underestimated. More often than not, executing on strategy requires adopting a change in approach and new ways of doing things. In the context of GMEA , this translates to convincing members of the firm, and in particular partners, that change is needed and that the chosen approach is the right one

The interviewees indicated that indicated that weak or inappropriate strategy: During the course of strategic planning, the lack of a realistic and honest assessment of the firm will lead to the development of a weak, inappropriate or potentially unachievable strategy. A weak strategy may also result from overly aspiration or unrealistic firm leaders or partners who adopt an ill-fitting strategy with respect to the firm's current position or market competition. Without a viable strategy, firms struggle to take actions to effectively implement the plan identified.

#### **4.5 Strategy Evaluation**

This section is subdivided in the following sections; Monitoring success of General Motors East Africa Limited's strategic plan, Reviewing of the strategic plan, Corrective measures and procedures in the strategic management process.

##### **4.5.1 Monitoring success of General Motors East Africa Limited's strategic plan**

The General Motors Board of Directors (the "Board") represents the owners' interest in perpetuating a successful business, including optimizing long-term financial returns. The Board is responsible for determining that the Company is managed in such a way to

ensure this result while adhering to the laws of the jurisdictions within which it operates and observing high ethical standards. This is an active, not a passive, responsibility. The Board has the responsibility to ensure that in good times, as well as difficult ones, management is capably executing its responsibilities. The Board recognizes that stockholders' long-term interests will be advanced by responsibly addressing the concerns of other stakeholders essential to the Company's success, including customers, employees, suppliers, government officials and the public at large.

The business of GM is conducted by management under the oversight of the Board. The roles of the Board and management are related, but distinct. GM's business strategy is developed and implemented under the leadership and direction of the Chief Executive Officer (the "CEO") by its officers and other employees. The members of the Board are elected by the stockholders to oversee management's performance on behalf of the stockholders and act as advisers and counselors to the CEO and senior management.

In performing its general oversight function, the Board reviews and assesses GM's strategic and business planning as well as management's approach to addressing significant risks and challenges facing the Company. As part of this function, the Board reviews and discusses reports regularly submitted to the Board by management with respect to GM's performance, as well as significant events, issues and risks that may affect GM's business or financial performance. In performing its oversight function, the Board and its members will maintain frequent, active and open communication and discussions with the CEO and the management of GM.

#### **4.5.2 Reviewing of the strategic plan**

GMEA interviewees indicated that they typically develop their strategic business plan in late December, identifying three to five major objectives they want to reach for the coming year, and then three to five strategic tactics for achieving each one. It's a road map that they refer to quite frequently, usually during weekly management meetings. It truly serves as their compass in making decisions and, if needed, they make the necessary adjustments to keep them on track.

The interviewees indicated that their strategic plan is a living, breathing document that they tend to look at pretty frequently on an informal basis. They develop a plan through a process of facilitated meetings with staff, board and constituents every three to five years, but they review/revise their plan at least annually. Things change, so they keep the plan fluid rather than casting it in stone.

#### **4.5.3 Corrective measures and procedures in the strategic management process**

Meaningful strategic plans will, by necessity, require prioritization and must be adequately funded and resourced. Many times, achievement of a vision will include elimination of pet projects and programs that do not have a clear relation to achievement of the vision. This can often be a contentious process. But devotion to the vision and realistic assessments of the impact of success in prioritized areas can often overcome resistance to elimination of particular programs.

All decision-making bodies within the organization must be working in alignment. All committees, task forces and other groups must have a clear understanding of their objectives and how achievement of those objectives will impact the greater good. Opportunities for cross-platform collaboration must be identified and power struggles over turf and territory must be met head on and dealt with.

Strategic planning in today's environment requires a recognition that circumstances can change and sometimes they change quickly. There must be a dedication to creating momentum through sustained action and yet, the ability to modify plans or change course if there is solid evidence to suggest you should. You must walk a careful balance and learn to tell the difference between two extremes giving up too quickly in the face of adversity and stubbornly persisting regardless of the evidence to the contrary.

#### **4.5.4 Those involved in strategy evaluation**

The General Motors Board of Directors (the "Board") represents the owners' interest in perpetuating a successful business, including optimizing long-term financial returns. The Board is responsible for determining that the Company is managed in such a way to ensure this result while adhering to the laws of the jurisdictions within which it operates and observing high ethical standards. This is an active, not a passive, responsibility. The Board has the responsibility to ensure that in good times, as well as difficult ones, management is capably executing its responsibilities. The Board recognizes that stockholders' long-term interests will be advanced by responsibly addressing the concerns of other stakeholders essential to the Company's success, including customers, employees, suppliers, government officials and the public at large.

#### **4.5.5 Challenges faced when evaluating the strategy**

Implementation is the process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives.

There are three types of factors that influence the strategic management process. These include soft factors which include the people or executors of the strategy, the communication activities (incl. content and style issues) as well as the closely related implementation tactics, the consensus about and commitment to the strategy,

Second challenges are the hard (or institutional) factors including the organizational structure and the administrative systems. The way in which the strategy was developed and articulated (strategy formulation) contains hard and soft factors alike and is thus considered a mixed factor. Relationships among different units/departments and different strategy levels also is treated as a mixed factor. In the following paragraphs we first discuss the mixed factors, then the soft factors, and finally the hard factors affecting strategy implementation.

It is very important for the government to ensure that the automotive industry keeps the law when it comes to doing things such as dealership, auto manufacturing, repair, maintenance, recycling, and sales. Information should be provided in regards to vehicle import regulations, import requirements for vehicles, engines, and equipment; and documents that discuss emissions standards. Other standards that are important to the automotive industry are fuel economy and safety standards

It is important for employees to work in an environment that provides safety and respect. The interviewees mentioned that the low worker morale is brought by the lack of leadership. The human resource manager mentioned that they did not feel very well respected and a need to focus on the people that work there instead of office politics. Another interviewee mentioned that workers should feel satisfied with the work they do. A cause of that may be how their managers are approaching them when it comes to the appraisal process. When the working environment improves and more studies are done in the larger perspective of organizational behavior, it shall become clearer to GM so that they can focus on improving worker morale.

#### **4.6 Discussion**

The industrial economic theory provides overview of industrial organization, such as measures of competition. This is the relationship between firm behavior and market structure that has been a central focus of study in the field of industrial organization which brings the emphasis on firms behavior and market structure through the SCP paradigm (Structure-Conduct-Performance) (Church and Ware 2000). General Motors East Africa Limited is committed to leading the industry in alternative fuel propulsion. General Motors East Africa Limited vision is to be the world leader in transportation products and related services. We will earn our customers' enthusiasm through continuous improvement driven by the integrity, teamwork, and innovation of GM people.

Despite current economic challenges, GM has set its sights squarely on the future with a master plan called "One Company" a unifying strategy that aims to better integrate GM's

engineering, manufacturing and sales operations worldwide. The goal is to create a highly efficient and flexible business platform that will allow GM to “design globally”, “manufacture anywhere”, and “sell everywhere”

The solution concepts derived from industrial economic theory may be thought of as normative or descriptive views of multi-person decision-making (Shubik 1972). Application of those strengths in either a broad (industry wide) or narrow (market segment) scope results in three generic strategies: Cost leadership, differentiation and focus. These three strategies are supposed to be applied on a business unit level. A key component of this strategy has been a multi-year initiative designed to modernize and standardize the information networks that support GM’s global manufacturing plants. These complex networks are essential to keeping GM’s plants running smoothly: they control the automated machines and programmable devices on the factory floor as well as the communications infrastructure that allows managers to oversee production and collaborate with engineers and partners worldwide.

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 (Johnson and Scholes, 2008). A Firm’s strategy is managements’ action plan for running the business and conducting operations (Thompson et al, 2007). GM is competitive in the sense that they have been innovative since their start. GM looks for new ways to be innovative in their vehicles, especially in design and technology. Their

engineers, designers, and planners live years in the future, imagining a future where cars carrying our loved ones never crash; where empty cars can be sent to pick up our friends; and where cars don't break down, leaving us stranded (Emerging Technology: Driving Safety, Efficiency and Independence, 2012).”

In many corporate strategies, companies have had the mentality that employees will reflect the behavior of their general managers, and that will create change all over the company, but this isn't how behavior modification works at all. General Motors does throw events for their employees from time to time, but even these events only go so far to help with worker morale. Considering that company events and observation can only help morale at a limited level, General Motors should be finding out what their employees are wanting from their company and use that to the advantage of the employees so that they boost the worker morale.



## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents summary of findings, conclusion, suggestion for further studies and recommendations from the study findings. The main objective of the study was to investigate on to examine strategic management practices at General Motors East Africa Limited

### **5.2 Summary of the Findings**

The General Motors Board of Directors (the “Board”) represents the owners’ interest in perpetuating a successful business, including optimizing long-term financial returns. The Board is responsible for determining that the Company is managed in such a way to ensure this result while adhering to the laws of the jurisdictions within which it operates and observing high ethical standards. The study established that majority of the respondents attested they worked for were actively involved in strategic planning process. The study established that, majority of the General Motors East Africa Limited have a formal documentation of vision and mission statements. This further illustrates that majority of General Motors East Africa Limited have adopted modern methods on management through formulation of vision and mission to guide their management.

The study established that, majority of the of the respondents agreed to a great extent that General Motors East Africa Limited applied the following strategic planning practices; develop of key strategies that contribute to the overall vision, development of specific measurable realistic and time bound strategic goals communication of organizational

vision, mission and key policies, development of short and long term operational goals; subdividing goals and allocating sub-goals with careful attention to details, participating, schedules and milestones, monitoring and evaluation- measure the progress toward attaining operational and strategic goals with key performance indicators respectively.

The study also established that, majority of the respondents agreed to a great extent that General Motors East Africa Limited applied the following measures to improve the planning process and get optimal results from strategic planning process; strategy development is combined with capital allocation, and management team treats strategic planning as part of its daily responsibilities respectively.

A strategic plan is of little use to an organization without a means of putting it into place. In fact, implementation is an essential part of the strategic planning process, and organizations that develop strategic plans must expect to include a process for applying the plan. The general manager indicated that developing an organization having potential of carrying out strategy successfully, then there is Disbursement of abundant resources to strategy-essential activities, creating strategy-encouraging policies, Employing best policies and programs for constant improvement and making use of strategic leadership.

From the findings, the top management is committed towards strategy implementation plans. The commitment by the top management affected to a very great extent the strategy implementation. The study also found out that the top management's commitment to the strategic direction is significant factor and that the managers must

demonstrate their willingness to give energy and loyalty to the implementation process for it to succeed and not spare any effort to persuade the employees of their ideas for strategy implementation to be effective at General Motors East Africa Limited.

The study found out that communication is a key factor on strategy implementation at General Motors East Africa Limited and that this affects implementation to a great extent. The study also showed that an integrated communications plan must be developed at the organization to enhance strategy implementation, and that it is essential both during and after an organizational change to communicate information about organizational developments to all levels in a timely fashion.

The study found out that coordination of activities in strategy implementation was a key success factor within strategy implementation at General Motors East Africa Limited. The study depicted that organization culture at General Motors East Africa Limited affected strategy management with majority of the respondent expressing that this affected implementation of the strategy to a very great extent.

### **5.3 Conclusions**

The study concludes that commitment by the top management affects the strategy implementation. It further conclude that the top management's commitment is major issue and the managers must exhibit their willingness to demonstrate power and loyalty to the implementation process for it to succeed and not spare any effort to persuade the

employees of their ideas for strategy implementation to be effective General Motors East Africa.

The study also concludes that, majority of the respondents attested that, General Motors East Africa Limited they worked for were actively involved in strategic planning process. This illustrates that majority of the General Motors East Africa Limited had adopted strategic planning in their operations which would help to improve their service delivery. The Corporations also have a formal documentation of vision and mission statements. This further illustrates that, majority of General Motors East Africa Limited have adopted modern methods on management through formulation of vision and mission to guide their management.

The study further concludes that, majority of the of the respondents agreed to a great extent that their General Motors East Africa Limited applied the following steps of strategic planning process; develop of key strategies that contribute to the overall vision, development of specific measurable realistic and time –bound strategic goals communication of organizational vision, mission and key policies, development of short and long term operational goals; subdividing goals and allocating sub-goals with careful attention to details, participating, schedules and milestones, monitoring and evaluation- measure the progress toward attaining operational and strategic goals with key performance indicators respectively.

GMEA interviewees indicated that they typically develop their strategic business plan in late December, identifying three to five major objectives they want to reach for the coming year, and then three to five strategic tactics for achieving each one. It's a road map that they refer to quite frequently, usually during weekly management meetings. It truly serves as their compass in making decisions and, if needed, they make the necessary adjustments to keep them on track.

The study also concluded that communication is a major factor in strategy implementation at General Motors East Africa Limited and that communication process affects implementation of the strategy. From the study it was concluded that among the organizational culture factors that affects strategy management, leadership style of managers, lack of understanding of strategy implementation, difficulties and obstacles not acknowledged, managers' decisions making and the dominant values beliefs and norms.

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

The study recommends that the management should ensure that they employ and deploy qualified and competent individuals. In addition, the study recommends that General Motors East Africa Limited should employ monitoring/supervision mechanism, to allow efficiency in strategy implementation.

The General Motors East Africa Limited should improve integrated communications plan to improve strategy implementation. The content of such communications plan should include clear explanation of what new responsibilities, tasks, and duties need to be

performed by the affected employees. It also includes the why behind changed job activities, and more fundamentally the reasons why the new strategic decision was made firstly. This will enhance communication of change during and after an organizational change on organizational developments to all levels in the appropriate manner.

The Kenya Revenue Authority Mombasa should adopt customers and staff oriented approaches to facilitated full appreciation of the strategy in a bid to minimize challenges of successful implementation which emanates from lack of cultivation of strong cultural value to meet the changing organizational needs.

### **5.5 Limitation of the Study**

The analysis that was used is always not sufficient to draw conclusions on using a case study, and to provide adequate information that can be used for policy development. Further research focusing on assess the perception of employees in strategy implementation is recommended.

### **5.6 Recommendation for further studies**

Further research is necessary as the findings were based on a relatively small sample that may have influenced the nature of results that were obtained. There is need to expand on the sample size and carry out similar research in other organizations.

## REFERENCES

- Aaltonen, P, and Ikavalko, H. (2002). Implementing strategies successfully. *Integrated Manufacturing Systems*, 13 (6), 415-18.
- Alexander, L. (1985). Successfully implementing strategic decisions. *Long Range Planning*, 18 (3), 91-97.
- Analoui, F and Karami, A (2003). *Strategy Management in Small and Medium Enterprises*. London: Thomson Learning.
- Arie T, (2007) , Publisher: Society for Organizational Learning, The SoL Journal, Volume 8, Number 1, Reflections
- Drucker, P. (1954). *The Practice of Management*, Harper and Row, New York,
- Armenakis, A. A, and Bedeian, A.G. (1999). Organizational Change: A Review of Theory and Research in the 1990s. *Journal of Management*, 25 (3), 293-315.
- Armenakis, A. A, Harris, S. G., and Field, H.S. (1999). Making Change Permanent: a Model for Institutionalizing Change. *Research in Organizational Change and Development*, 12, 97-128.
- Bateman, S., and Zeithman, P. (1993). *Management, Function and Strategy* (2nd ed.). Illinois: Irwin.
- Bett, S. K., (1995). *Strategic Marketing of Dairy Products in Kenya*. Unpublished MBA Project, University of Nairobi.
- Brinkerhoff, S. (1994). Release the entrepreneurial hostages from your corporate hierarchy. *Strategy and Leadership*, 24 (4), 36-42
- Bryson, J. M., and Roeing, W. D. (1995). Initiations of strategic planning by governments. *Public Administration Review*, 48 (6), 995-1095.

- Cooper, D. R and Schindler, P. S (2006). *Business Research Methods* (10th ed.). New York: McGraw- Hill Irwin
- David, P., and Sabine H. (2006). Crises, scenarios and the strategic management process. *Journal of Management Decision*, 44 (6), 23-31.
- Denscombe, M. (2007), *The Good Research Guide for Small Scale Social Research Projects*. New Delhi: Viva Books Private Limited.
- Dess, G., G., Lumpkin, G., T. and Eisner, A., B. (2010). *Strategic Management: Creating Competitive Advantages* (5<sup>th</sup> ed.). New York: MacGraw- Hill Irwin.
- Gatignon, H., Reibstein D.J. (1997). *Creative strategies for responding to competitive actions*", in G.S. Day, D.J. Reibstein (Eds), Wiley, New York, pp.237 - 255.
- Goldsmith, A., (1997). Private-sector Experience with Strategic Management: Cautionary Tales for Public Administration. *International Review of Administrative Sciences*, 63 (1), 25-40.
- Hill, L., and Jones, R. (2005). *Strategic Management Theory: An integrated approach*. Boston: Houghton Mifflin.
- Hill. L and Jones, G. (2008). *Essentials of Strategic Management* (2<sup>nd</sup> ed.). Mason, Ohio: Cengage Learning.
- Jarzabkowski, P., Balogun, J., and Seidl, D. (2007). Strategizing: The challenges of a practice perspective. *Human Relations*, 60, 5-27.
- Johnson, G, and Scholes, K. (2008). *Exploring Corporate Strategy*. (8th ed.). London: Prentice Hall
- Johnson, G., Scholes, K. (2002), *Exploring Corporate Strategy: Text and Cases*, Prentice Hall, Cambridge.



- Kandie, P., (2001). *A study of the strategic responses by Telkom Kenya Limited in a competitive environment*. Unpublished MBA project, University of Nairobi.
- Kathuku, J. K., (2004). *The Strategic Responses to Changes in the Environment by the Co-operative Bank of Kenya*. Unpublished MBA Project, University of Nairobi.
- Kavanagh and Ashkanasy, (2006). Management control systems and their strategy formation at middle management levels: Evidence from a UK organization. *Strategic Management Journal*, 23, 1019-1031.
- Kenya Bureau of Standards (2007). *Strategic Plan 2007- 2012*. Nairobi: Author
- Kerzner, J. (1989). Is strategy making a difference? *Long Range Planning Review*, 32 (2), 273-276
- Khamis (2006). *Factors Influencing the Regional Growth Strategy at KCB*. Unpublished MBA Project, University of Nairobi
- Mbogo, M. (2003). *A Study of Strategic Change Management Process in Hybrid Private-Public Organizations: The case of Kenya Commercial Bank Limited*. Unpublished MBA Project, University of Nairobi.
- McKernian, P. (2006). Exploring Environmental Context within the History of Strategic Management. *International Studies of Management and Organization*, 36 (3), 7-21.
- Merchant and Van der Stede, (2003). The design and use of performance. *Management systems*, 4, 36-78.
- Mintzberg, H., Lampel, J., Quinn, B. J. and Ghoshal, S. (1999). *The strategy process: Concepts, cases, contexts* (6<sup>th</sup> ed.). Pearson.

- Mintzberg, H. (1994). Of Strategy Deliberate and Emergent. *Strategic Management*, 6, 934-948.
- Mugenda, O. M and Mugenda, A.G (1999). *Research methods, Quantitative and Qualitative approach*. Nairobi: African Centre of Technology Studies Press.
- Mullins, D. (1999). Successful change leaders: what makes them? What do they do that is different? *Journal of Change Management*, 2 (4), 359-368.
- Mwangi, M. (2006). *A Study on Performance Measurement at the University of Nairobi*. Unpublished MBA project, University of Nairobi.
- Njanja, L.W (2002). *Strategic management practices in the agricultural sector of Kenya: The case of statutory boards (parastatals)*. Unpublished MBA project, University of Nairobi.
- Njau, G.M. (2000). *Strategic Response by Firms facing Changed Competitive Conditions: The Case of East African Breweries Ltd*. Unpublished MBA Project, University of Nairobi.
- Njenga, R. N (2006). *Strategic Management Practices at the Mater Hospital, Nairobi*. Unpublished MBA project, University of Nairobi.
- Ochanda, R. A. (2005). *Challenges of Strategy Implementation at Kenya Industrial Estates Ltd*. Unpublished MBA project, School of Business, University of Nairobi.
- Odero. B. S. (2006). *The Value Chain and Competitive advantage in the Corporate Banking Industry in Kenya: The case of Citi Bank*. Unpublished MBA project, School of Business, University of Nairobi.

- Ogwora E. M. (2003). *Strategic Change Management at the National Cereals and Produce Board*. Unpublished MBA Project, University of Nairobi.
- Okumus, F. (2001). A framework to implement strategies in organizations. *Management Decision*, 41 (9), 871-882.
- Ouchi, W.G. (1979). Markets, bureaucracies and clans. *Administrative Science Quarterly*, 25, 129-141.
- Pearce J.A., Robinson R.B., (2003), *Strategic Management; Strategy Formulation, Implementation and Control*, Irwin, Homewood, Illinois
- Pearce, J. A., and Robinson, R. B. (2007). *Strategic Management: Formulation, Implementation, and Control* (10th ed.). New York: McGraw-Hill/Irwin.
- Pettigrew, A. and Whipp, R. (1991). *Managing Change for Competitive Success*. Blackwell:Oxford.
- Porter, M. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: The Free Press.
- Regner (2003). The development of a strategic control system for the management of strategic change. *Strategic Change*, 10, 297-305.
- Rick, L. (2006). Fill the strategy-execution gap. *Credit Union Magazine*, Vol 72 Issue 10, p14, October.
- Robbins, S.P., Coulter, M. (2004), *Strategic Management*, 5th ed., Prentice-Hall, Englewood Cliffs, NJ,
- Robert K. and Lisa L. (2001): The Real Reason Why People Won't Strategy , *Harvard Business Review*, Vol 79 Issue 10, p85-92, Harvard Business School Press, November.

- Salancik, G and Pfeffer, J, (1977), *The External Control of Organizations: A Resource Dependence Perspective*, Harper and Row, New York, NY.
- Thompson A, Strickland A.J., (1993), *Strategic Management; Concepts and Cases*, Irwin, New York
- Thompson and Martin (2005). *Strategic management: (5th ed)*. UK: Thomson Learning
- Thompson, A.A and Strickland, A.J. (2007). *Strategic Management: Concepts and Cases*. (12th ed). New York: McGraw-Hill,
- Vinzant, J. C and Vinzant, D. H (1996). Strategic Management and Total Quality Management: Challenges and Choices. *Public Administration Quarterly*, 20 (2), 201-219.
- Wechsler, B and Backoff, R (1986). Policy Making and Administration in State Agencies: Strategic Management Approaches. *Public Administration Review*, 46 (4), 321- 32

## **APPENDICES**

### Appendix I: Interview Guide

#### **STRATEGIC MANAGEMENT PRACTICES**

##### **STRATEGY FORMULATION AND FORMULATION**

1. Does General Motors East Africa Limited have vision and mission statements?
2. What are the policy documents for strategy formulation?
3. Describe the process of developing the vision and mission statements
4. Are there objectives set for your organization?
5. Describe the process of setting objectives in your organization?
6. How do you communicate these objectives?
7. Does your organization prepare and document strategic plans?
8. What is the process of developing these plans?
9. Do you carry out situational analysis during the planning process? If yes, which tool and techniques do you use?
10. How have you involved the member's in the development of the strategic plan?
11. What other stakeholders have you involved in the strategic planning practices?
12. What challenges does General Motors East Africa Limited face while responding to changes internal and external environment?

##### **STRATEGY IMPLEMENTATION**

1. What is the process of implementing strategies at General Motors East Africa Limited?
2. How are the strategies communicated to employees?
3. In which ways are the employees empowered to implement chosen strategies?

4. What measures are in place to recruit and retain best employees?
5. What challenges have been encountered in implementation of strategies at General Motors East Africa Limited and how have they been dealt with?

### **STRATEGY EVALUATION**

1. How do you monitor success of General Motors East Africa Limited's strategic plan?
2. Is General Motors East Africa Limited involved in continuous review of its strategic plan?
3. What influences review of the strategic plan and how often do you review the strategic plan?
4. Are corrective measures and procedures in the strategic management process institutionalized? If yes, which measures and procedures are in place?
5. Are employees empowered to take corrective actions?
6. Who is involved in strategy evaluation?
7. What are the challenges facing strategy evaluation?

