

**STRATEGY IMPLEMENTATION BY MILK PROCESSORS IN
KENYA**

BY

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF
BUSINESS, UNIVERSITY OF NAIROBI.**

NOVEMBER 2013

DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the University of Nairobi in Nairobi for academic credit.

Signed: _____

Date: _____

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This project has been presented for examination with my approval as the appointed supervisor.

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ACKNOWLEDGEMENTS

First, I would like to acknowledge with deep gratitude and sincere appreciation all those who contributed in one way or the other towards the completion of this study. Without their assistance, it could have been very difficult for me to complete it. I would also sincerely like to thank the Chief Executive Officers and Senior Management of Milk Processors in Kenya for providing the much needed data.

Special thanks to my supervisor Professor Evans Aosa for guiding me through the entire project writing. My success would not have been achieved without the great support and positive criticism from him.

Thanks a lot to my father Bernard Mutisya and my mother Lucia Syomiti for implanting the seed of knowledge in me. Mum and Dad, you ignited the little energy I had to finally start my MBA course.

Finally; thanks to my colleague, Mr. Anthony Kabarita for sacrificing his limited time to assist me in organizing and analyzing the research data.

DEDICATION

This project is dedicated to my wife Victoria for her ceaseless moral support and prayers in the entire process of this study. Special dedication to my son Hezron Mutisya and daughter Ashley Mwende for their continued love and encouragement to me despite my frequent absence in their lives during my studies, hoping this will motivate them and inspire them to work hard in their academic life.

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LIST OF ABBREVIATIONS

CEO	Chief Executive Officer
EPZ	Export Processing Zone
GDP	Gross Domestic Product
HR	Human Resources
KCC	Kenya Co-operative Creameries
KDB	Kenya Dairy Board
New KCC	New Kenya Co-operative Creameries
SPSS	Statistical Product and Service Solutions

ABSTRACT

Strategy implementation is the process through which a chosen strategy is put into action. Strategy implementation is concerned with the building of a capable organization, effective management of operations, instituting a strategy enabling culture and leadership in reaching organizational goals. Strategy will have to be executed well if the firm is to obtain success in its operations. While implementation of strategy is such an important activity, it is not an easy task. There is no one universal approach to strategy implementation as demonstrated by the findings of this study. Well formulated strategies fail at implementation stage. Milk processors in Kenya have been affected in various ways by the changes in the business environment that they operate in. The dairy industry in Kenya has been affected by milk market liberalization, enhanced competition in milk processing and marketing coupled with environmental turbulence. Milk processors in Kenya have to successfully implement their strategies for survival and continuous growth. A number of studies have been conducted on strategy implementation, however there is no study done on strategy implementation by milk processors in Kenya. These studies have collectively established that different organizations implement strategies in different ways and with different results. The studies have demonstrated that there is no one universal approach to strategy implementation. It is possible that the strategy implementation processes adopted by some of the milk processors in Kenya vary. There is no one universal approach to strategy implementation. There is a knowledge gap that exists on strategy implementation by milk processors in Kenya. The research was conducted as a cross-sectional survey and targeted 54 respondents who included the Chief Executive Officers and the designated members of the senior management of the milk processing firms in Kenya. Primary data was collected using a structured questionnaire which was self-administered on the respondents. Data analysis was done using descriptive statistics technique. The findings indicated that milk processors in Kenya have undertaken the activities of building a capable organization, managing internal operations and corporate culture and leadership in their strategy implementation. The study concluded that Milk processors in Kenya had successfully undertaken the strategy implementation activities of building capable organizations, effectively managed their internal operations and have build a strategy implementation supporting culture and leadership. The study recommended enhancement of the alignment of rewards and incentives and strengthen the building of the corporate culture that supports strategy implementation. It is also recommended that milk processors in Kenya improve on their strategy choices, ensure sufficient human resource skills, enhance technical knowhow, ensure well defined responsibility for strategy implementation and enhance their financial resources base. Finally the study recommended that a research be undertaken to establish why many milk processors in Kenya have ceased operations. An in-depth study to establish whether milk processors in Kenya are pursuing consolidation strategy is also recommended.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

A well developed strategy will have to be executed well if the firm is to obtain success in its operations. Strategy implementation is the process through which a chosen strategy is put into action. Strategy implementation is concerned with the building of a capable organization, effective management of operations, instituting a strategy enabling culture and leadership in reaching organizational purposes. In putting strategy into action, the action must translate into acceptable results. The strategy implementation approach should be based on individual company situations and circumstances, the implementer's best judgement, and the implementer's ability to use particular change techniques adeptly. While implementation is such an important activity, it is not easy. Successful implementation remains a big challenge. Hence, many excellent strategies fail when attempts to implement them are made. There is no one universal approach to strategy implementation (Thompson, Strickland and Gamble, 2008).

The history of milk processing in Kenya dates back to 1920s when Kenya Co-operative Creameries (KCC) Ltd began operations in Naivasha. KCC Ltd operated as a monopoly until 1992 when the milk market was liberalized. Milk market liberalization led to entry of more players in milk processing and marketing and deregulation of both producer and consumer prices. This led to enhanced competition in milk processing and marketing. The milk processing firms strive to survive and grow through improved efficiency in milk procurement, processing and distribution and competitive prices to farmers and consumers by their successful implementation of the strategies (EPZ, 2005). Strategy implementation would have to be tailored to different situations and circumstances under which each processor operates.

1.1.1 Concept of Strategy

Strategy means different things to different people. Strategy like any other concepts in the field of management does not have an all-embracing definition. Strategy is an elusive and somewhat abstract concept (Ansoff and Edward, 1994). According to Chandler (1962) strategy is the determination of the basic long-term goals and objectives. It is a plan for action to attain one or more of the organization's goals. It is all about integrating organizational activities and allocating and utilizing the scarce resources within the organizational environment so as to meet the set objectives. Strategy must take into consideration the environment under which the organization operates.

Mintzberg, Lampel, Quinn and Ghosal, (2003) define strategy as a plan, ploy, pattern, position and perspective. They state that strategy is the pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole. Plan is seen as a consciously intended course of action in order to achieve a desired objective. Ploy is a trick seeking to disguise the actual intentions of an organization in order to deceive a rival company. Position is viewed as an organization's standing in relation to the competitors. Perspective is the way the organization conceives the outside from the inside. This definition brings out the different angles and avenues that organizations adopt in achieving their goals.

Strategy envisages various important aspects which include among others strategy a statement of intent, where strategy is viewed as a clarification of corporate purpose as may be defined in an organization's mission and vision. Secondly, strategy is a fit between capabilities and opportunities where strategy is looked as a factor that matches the capabilities of an organization and the organizational abilities to achieve

success. Finally strategy is responsibility of leaders. Organization leaders define strategies that influence the daily operations of an organization. This implies that, one cannot talk about strategy in an organization without looking at the leadership of that organization (Tampoe and Macmillan, 2000).

Johnson, Scholes and Whittington, (2008) define strategy in terms of scope of an organization's activities, the matching of the organization's activities and resources capability. They define as the direction and scope of an organization over the long term, which activities can be advantageous for the organization through its configuration of resources within a changing environment and to fulfill shareholder expectation. In strategy therefore, consideration is given of the allocation of resources in the organization resource capability, value expectations and goals of those influencing strategy which determines the long term direction of the organization. This definition implies that by assessing the organization as a whole in terms of the activities, capabilities, resources, and direction, it is possible to tell the kind of strategy being pursued

Competition is at the core of the success or failure of firms. Competition determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture, or good implementation. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. Strategy is creating fit among company activities. The success of strategy depends on doing many things as well, not just a few and integrating among them. If there is no fit among activities, there is no distinctive strategy and little sustainability (Porter, 1985).

1.1.2 Strategy Implementation

Strategy implementation is the beginning of a challenging and delicate task where leaders cannot afford to be abstract or desk oriented, but at the fore front in dealing with sensitive issues involved in strategy implementation such as resource mobilization, restructuring, culture changes, technological changes, process changes, policy and leadership changes. Strategy may be good but if implementation is not effectively managed, the strategic plan may amount to being a mere “white elephant” and nothing more. A well developed strategy coupled with proper execution will result in the success of the firm’s operations (Johnson et al., 2008)

Strategy implementation is inward looking and calls for the use of managerial and organizational efforts to direct resources towards accomplishing strategic results. Strategy implementation is said to be successful if the organization achieves its mission and objectives through the envisaged functional policies. As a process, it is concerned with monitoring the effectiveness of objectives and functional policies towards attainment of the mission and it is primarily the function of employees of the firm (Sababu, 2007).

Good strategy execution requires a team effort. All managers have strategy-executing responsibility in their areas of authority, and all employees are participants in the strategy execution effort. Putting together a talented management team with the right mix of experiences, skills, and abilities to get things done is one of the first strategy-implementing steps (Thompson et al., 2008). Successful strategy implementation requires the organization’s configuration to be harmonized with the strategy. An organization’s configuration consists of the structures, processes and relationships through which the organization operates (Johnson et al., 2008).

Effective strategy implementation requires effective management of operations through identification and adoption of best practices. These are powerful tools to promoting operating excellence. Core competencies and strategic capabilities can be a basis for competitive advantage if they give firm capabilities that rivals can't match (Porter, 1985). A properly designed reward system aligns the well-being of organization members to competent strategy execution and the achievement of performance targets. The role of the reward system is to align the well-being of organization members with realizing the company's vision, so that organization members benefit by helping the company execute its strategy competently and fully satisfy customers (Thompson et al., 2008).

The corporate culture of the organization needs to be compatible with the strategy being implemented. Organizational leadership and management role is to align the organization culture with strategy (Pearce and Robinson, 2011). Positions of authority and responsibility are important in strategy implementation, but also important are the people in those positions. These must be people with leadership who can influence action towards the desired direction. Strategy implementation requires leaders who can influence members of the organization to focus their effort in the same direction (Sababu, 2007).

While implementation of strategy is such an important activity, it is not easy (Johnson et al., 2008). The successful implementation of corporate strategy is the most pressing issue facing many organizations in the world today. Noble (1999) states that well formulated strategies only produce superior performance for the firm when they are successfully implemented. According to Kaplan and Norton (2006) many factors

make it difficult to implement strategy today. The pace of change continues to accelerate, technology changes frequently and more than ever before. According to Pearce and Robinson (2011) successful strategy implementation mainly depends on the firm's primary organization's structure, leadership, culture and ultimately an individual organization's members. According to Koske (2003) the most common organizational characteristics which constrain strategy implementation concern strategy formulation to implementation, resource allocation, match between strategy and structure, linking performance and pay packages to strategies, creating strategy supportive culture.

According to Thompson et al. (2008) there is no one universal way to implement strategies. Specific approaches to strategy implementation must always be custom-tailored to fit an individual organization's own situations and circumstances. The strategy implementation approach chosen represents management's judgement about how best to proceed. However, despite the differences in organizations' situations and circumstances, successful strategy implementation is dependent on effective performance of managerial tasks of; building an organization capable of good strategy execution, effective management of internal operations and instituting strategy-supportive culture and leadership.

1.1.3 Milk processors in Kenya

Milk processing was adopted in Kenya in 1925 with the incorporation of Kenya Cooperative Creameries (KCC) Ltd as a public liability company, by way of shares. By then the industry was run through cooperative movements and a number of dairy cooperative societies came together to form Dairy Cooperative Unions. Up to 1992,

the dairy industry in Kenya was under government control, which gave the policy guidelines, set prices, determined the players in the industry and set the market rules among other things. Kenya Cooperative Creameries (KCC) Ltd enjoyed a protected monopoly in the marketing of the milk and dairy products (EPZ, 2005).

Milk market liberalization policies announced in 1992 opened up the processed milk market, which hitherto was monopolized by KCC. Milk market liberalization in 1992 led to entry of more players in milk processing and marketing and deregulation of both producer and consumer prices. This led to enhanced competition in milk processing and marketing. The processors are operating in a turbulent environment characterized by increasing cost of production, unreliable raw milk supply, under-capacity utilization, increase in the cost of distribution and with shrinking profit margins and frequent technological changes. Competitiveness in the export market has been highly compromised by the increasing cost of production. Survival and growth requires not only good strategies by the milk processors, but successful implementation of the strategies (EPZ, 2005).

Presently, the milk processing industry is regulated by the Kenya Dairy Board (KDB), established under Section 4 of the Dairy Industry Act Cap. 336 enacted by Parliament in 1958. It is from this Act that the Board derives its mandate. KDB has the responsibility of developing, promoting and regulating the dairy industry. The main functions of KDB are enforcement of national standards for the dairy industry, training for the industry, facilitation of stakeholders' activities, and maintenance of a databank for the dairy industry and regulating of imports (EPZ, 2005).

According to KDB (2013), there are 54 (Fifty four) licensed milk processing firms in Kenya as at 31st January 2013. Out of these, 34 (Thirty four) are licensed as milk processors and 20 (Twenty) as Mini Dairies. New Kenya Co-operative Creameries Ltd is owned by the Government of Kenya. All the other milk processing firms are privately owned by individuals and some by Co-operative Society members.

The processors operate under different situations and circumstances. The milk processing firms have different capabilities in terms of resources, efficiency levels, structures, processes, procedures and policies. They also have different strategies (EPZ, 2005). Strategy implementation would have to be tailored to different situations and circumstances under which each processor operates.

1.2 Research Problem

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 (Kotler, 2004). Strategy may be good but if implementation is not effectively managed, the strategic plan may not succeed. Strategy implementation is a key component of strategic management process in organizations. While implementation of strategy is such an important activity, it is not easy. There are many factors that impact on strategy implementation which make it a very challenging process. The successful implementation of corporate strategy is the most pressing issue facing many organizations in the world today (Johnson et al., 2008). According to Noble (1999) implementation is a key stage of the strategy process, but one which has been neglected. Mintzberg et al. (2003) state that, ninety percent of well formulated strategies fail at implementation stage, and that there is no one universal approach to strategy implementation.

Milk processors in Kenya have been affected in various ways by the changes in the business environment that they operate in. Milk market liberalization led to entry of more players in milk processing and marketing and deregulation of both producer and consumer prices. There is enhanced competition in milk processing and marketing coupled with environmental turbulence. Successful implementation of strategies should lead to survival and continuous growth. Since liberalization of the milk processing industry in 1992, there has been exit of many processing firms. The reasons for exit may include inability to survive as a result of challenges in their strategy implementation (EPZ, 2005).

A number of studies have been conducted on strategy implementation, however there is no study done on strategy implementation by milk processors in Kenya. Some of these studies, on strategy implementations done in Kenya include Nyika (2007) and Mbithi (2011). Nyika (2007) did a study on strategy implementation among motor vehicle franchise holders in Nairobi. The objectives of the study were to establish the use strategy implementation components by motor vehicle franchise holders in their strategy implementation and to establish the challenges faced by motor vehicle franchise holders in their strategy implementation. The study established that to some extent the motor vehicle franchise holders applied various components of strategy implementation and also faced diverse challenges in their strategy implementation. Mbithi (2011) did a study on strategy implementation at Nakumatt Holding Limited, Kenya. The objectives of the study were to determine how Nakumatt has been implementing the strategy they have chosen, to determine challenges faced by Nakumatt in strategy implementation and to determine what measures Nakumatt Holdings has taken to overcome the challenges it faced during strategy

implementation. The findings were that there is no agreed-upon and dominant and framework in strategy implementation. The study also established various challenges faced during strategy implementation. These studies have collectively established that different organizations implement strategies in different ways and with different results. The studies have demonstrated that there is no one universal approach to strategy implementation.

It is possible that the strategy implementation processes adopted by some of the milk processors in Kenya vary. There is no one universal approach to strategy implementation. There is a knowledge gap that exists on strategy implementation by milk processors in Kenya which this study sought to bridge. How is strategy implemented by milk processors in Kenya?

1.3 Objective of the Study

The following were the objectives of this study:

- (i) To establish how milk processors in Kenya implement their strategies.
- (ii) To establish the challenges that milk processors in Kenya have faced in their strategy implementation.

1.4 The Importance of the Study

The study will help in theory building in the area of strategy implementation by testing whether the practices in literature can be applied in milk processors in Kenya. It will also help validate the theoretical perspectives that inform strategy implementation. Such can be utilized by researchers and research institutions, academicians, government agencies and scholars.

The findings of this study will be of assistance to the leadership and management of the milk processing firms. The findings can be used in solving the problems encountered in strategy implementation how they can purpose to mitigate the challenges.

The findings of the study will be of immense benefit to a significant proportion, of the Kenyan national population. The study will benefit the government in her planning and poverty eradication efforts through appropriate legislation framework on the industry. It will also be useful to the policy makers in the dairy sector because it will identify the challenges facing the sector and come up with appropriate policies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter is devoted to review of literature related to strategy implementation framework and strategy implementation activities. The chapter has been organized into theoretical foundation, strategy implementation, strategy implementation activities and challenges of strategy implementation.

2.2 Theoretical Foundation

This section will provide the basis for discussing how milk processors in Kenya have implemented their strategies and the challenges faced during strategy implementation. The discussion is drawn from the strategy and structure theory, the McKinsey 7s framework and the stakeholder theory.

2.2.1 Strategy and Structure Theory

According to Chandler (1962) strategy is the determination of the basic long-term goals and objectives. It is a plan for action to attain one or more of the organization's goals. It is all about integrating organizational activities and allocating and utilizing the scarce resources within the organizational environment so as to meet the set objectives. Strategy must take into consideration the environment under which the organization operates.

Structural fit with strategy is not the result of perpetuating some static fit from the past, rather such as finding suggests that firms consider formal structure important and that firms deliberately seek fit, as defined by current theory, when they change strategies and structures. Strategy must be followed by an adjustment of structure if inefficiency is to be avoided. He defined structure as the design of the organization through which strategy is administered. Changes in organizational strategy led to new

administrative problems which in turn require new or refashioned structure for the successful implementation of the new strategy. If strategy implementation is to succeed, structure must be aligned to strategy.

2.2.2 Mckinsey 7s Framework

Peters and Waterman (1982) developed McKinsey 7S framework model which comprise seven interdependent factors, namely: structure, systems, shared values, style, staff , and skills .The framework provides a balance between the “hard” and the “soft” aspects of the organizational “architecture” his balance is crucial in successful strategy implementation.

Structure relates to the way the organization is structured and the chain of command. Strategy is the plan devised to maintain and build competitive advantage over the competition. Systems are the daily activities and procedures that staffs engage in to get the job done. Shared values are the core values of the company that are evidenced in the corporate culture and general work ethic. Style relates to the leadership style adopted. Staff is the employees and their general capabilities while skills are the actual skills and competencies of the employees working for the company. The model is one that can be applied to almost any organizational or team effectiveness issue and in strategy implementation.

The 7S framework can be used in a wide variety of situations where an alignment perspective is useful such as to improve the performance of a company, examine the likely effects of future changes within a company, align departments and processes during a merger or acquisition and to determine how best to implement a proposed strategy.

2.2.3 Stakeholder Theory

Stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization (Freeman, 1984). He identifies and models the group of stakeholders of a corporation, and both describes and recommends methods by which management can give due regard to the interests of those groups.

A successful business cannot exist in a vacuum and requires that there are investors to give them money, customers to buy their goods and services, employees to serve the customers, suppliers to sell the goods that they will sell and community within which they can thrive. The interests of all involved would be better represented if everyone's preferences could be satisfied (Freeman, 1984).

Mitchell, Agle and Wood, (1997) derives a typology of stakeholders based on the attributes of power, legitimacy and urgency. He defined stakeholders' view of the firm as suppliers, employees, debtors, consumers, government and investors and lenders. The theory places responsibility to management over the stakeholders. Management is required to articulate how they want to do business. Management must articulate the kinds of relationships they want and need to create with their stakeholders to deliver on their purpose. Effective strategy implemented requires involvement of all stakeholders.

2.3 Strategy Implementation

Strategy implementation is one of the components of strategic management. Kotler (2004) stresses the importance of implementation by noting that a great strategy can be sabotaged by poor implementation. According to Ghosan (2002) strategy is five

percent thinking and ninety five percent execution. The ability to align strategy with collective behaviour and the competitive context ultimately determines how well an organization performs.

Strategy implementation is the process by which strategies and functional policies are put into action through the development of action plans, goals, programmes, budgets, procedures, structures, cultures, motivation, communications, leadership, allocation of resources, working climate and enforcement. Therefore, strategy implementation is inward looking and calls for the use of managerial and organizational resources to direct resources towards accomplishing strategic results (Pearce and Robinson, 2011).

Strategy implementation requires creating strong fits between strategy and organizational capabilities, between strategy and organization's climate and culture, between strategy and reward, and between strategy and operating systems (Thompson et al., 2008). Strategy implementation requires leaders who can influence members of the organization to focus their effort in the same direction. Transformational leaders rather than conservative leaders are required for strategy implementation because strategy implementation involves change. A transformational leader is one who is always on the move for change i.e. "thinks, talks, and dreams of change all the time" (Sababu, 2007).

Strategy implementation is said to be successful if the organization achieves its mission and objectives through the envisaged functional policies. As a process, it is concerned with monitoring the effectiveness of the objectives and the functional policies towards the mission and it is primarily the function of employees of the firm.

It is apparent then that whatever nature of the decision and the level in the organization at which it is taken, the decision will only be regarded as effective if it is supported by the people who must implement, and if it achieves the objectives it is related to (Sababu, 2007).

Strategy may be good but if its implementation is poor the strategic objective for which it was intended will not be achieved. A well-developed strategy and executed well results in the success of the firms operations. While implementation of strategy is such an important activity, it is not easy. There are numerous challenges and delicate issues involved such as resource mobilization, restructuring, culture changes, technological changes, process changes, policy and leadership changes (Johnson et al., 2008).

There are no ten step checklists, no proven parts and few concrete guidelines for tackling the job. Strategy implementation is the least chartered, most open-ended part of strategic management. The best evidence of what to do or what not to do come from personal experience and even case studies and the window they yield is inconsistent. Some managers are more effective than others in employing various recommended approaches to organizational change thus leading to successful implementation. In addition, each instance of strategy implementation takes place in different organizational context and general environment (Thompson, et al., 2008).

2.4 Strategy implementation activities

Implementation involves undertaking the subactivities of; organization structure and relationships, organizational processes and behaviour and top leadership. Organization structure and relationship involves division of labour, coordination of divided responsibility and information systems. Organizational processes and

behaviour involve setting standards and measurements, motivation and incentive systems, control systems and recruitment and development of managers. Top leadership is required and this is strategic, organizational and personal levels (Andrews, 1980). There is no one universal way to implement strategy. The specific hows always have to be customized to fit the particulars of an organizations situation and circumstances. Despite the need to customize an organization's strategy-executing approaches to the particulars of its situation and circumstances, there are certain components that must be covered no matter what the circumstances. Strategy implementation process broadly involves building a capable organization, managing internal operations and culture and leadership (Thompson et al., 2008).

2.4.1 Building a capable organization

Strategy execution requires managers to build organizations with requisite capabilities. Successful implementation requires organizations with the competencies, capabilities and resource strengths. It also requires instating policies and procedures that facilitate rather than impede strategy execution (Thompson et al., 2008).

Proficient strategy execution depends on competent personnel, better-than-adequate competitive capabilities, and effective organization. This involves three key actions; staffing the organization, building core competencies and competitive capabilities and structuring the organization and work effort (Thompson et al., 2008). The knowledge and experience of people can be the key factors influencing the success of strategies. Creating a climate where people strive to achieve success is crucial. Human Resource systems and structures should be tailored to the types of strategies being pursued (Mullins, 2005). Training and retraining is important when a company shifts to a strategy requiring different skills, competitive capabilities, and managerial approaches and operating methods (Thompson et al., 2008).

Organizing people and tasks to execute the strategy effectively is critical for successful strategy implementation (Pearce and Robinson, 2011). An important determinant of organizing for success is clarity around how responsibilities for strategic decision making are to be divided between the centre and the business units (Goold and Campbell, 2002). Successful organizations tend to fall into limited number of internally consistent patterns for integrating structures, processes and relationships (Mintzberg et al., 2003).

Unless structure follows strategy, inefficiency results (Chandler, 1962). The effective organization is one that has blended its structure, management practices, rewards, and people into a package that in turn fits with its strategy (Galbraith, 1983). Each generic strategy implies different skills and requirements for success, which commonly translate into differences in organizational structure and culture (Porter, 1985).

Strategy implementation requires deciding which value chain activities to perform internally and which to outsource. Outsourcing involves obtaining work previously done by employees inside the company from sources outside the company. These are linked to creating a “modular” organization. Outsourcing non-essential functions normally performed in-house free up resources and the time of key people to concentrate on leveraging the functions and activities critical to the core advantages around which the firm’s long-range strategy is built (Pearce and Robinson, 2011).

2.4.2 Managing Internal Operations

Successful strategy implementation requires effective and efficient management of the organization’s internal operations. Adopting best practices and striving for continuous improvement will ensure performance excellence. Proficient performance

of strategic roles by the company personnel requires the organization to install effective and efficient information and operating systems. Strategy execution is only successful if the organization achieves the set strategic and financial targets. The organization's rewards and incentives should be tied directly to the achievement of strategic and financial targets (Thompson et al., 2008).

Early in the process of implementing or executing a new or different strategy, managers need to determine what resources will be needed and then consider whether the current budgets of organizational units are suitable. A company's ability to marshal the resources needed to support new strategic initiatives has a major impact on the strategy execution process. Too little funding slows progress and impedes the efforts of organizational units to execute their pieces of the strategic plan proficiently. Too much funding wastes organizational resources and reduces financial performance. Striking an optimal balance requires managers to be deeply involved in reviewing budget proposals and directing the proper kinds and amounts of resources to strategy-critical organizational units. The funding requirements of a new strategy must drive how capital allocations are made and the size of each unit's operating budgets (Thompson et al., 2008). Technology itself may be easy to acquire by competitors, so it is not necessarily a source of competitive advantage. The way in which the technology is exploited is where advantage is created. Before making decisions about the technology strategy of an individual organization it is important to understand the ways in which technology can have a significant impact on the competitive forces, particularly in industries that are globalizing ((Tidd, Bessant and Pavitt, 2005). Integrated approach to resource management is critical for success in strategy implementation. This is both inside the organization and in the wider value network (Gratton, 2005).

A company's policies and procedures can either assist the cause of a good strategy execution or be a barrier (Thompson et al. 2008). Policies increase managerial effectiveness by standardizing many routine decisions and clarifying the discretion managers and subordinates can exercise in implementing functional tactics. Communicating policies will help overcome resistance to strategic change, empower people to act, and foster commitment to successful strategy implementation (Pearce and Robinson, 2011).

Well-conceived state-of-the art operating systems not only enable better strategy execution but also strengthen organizational capabilities, perhaps enough to provide a competitive edge over rivals (Thompson et al., 2008). Information strategies have a profound influence on creating and destroying the capabilities of an organization and, hence its competitive advantage. Knowledge creation and information management are a potential sources of improved competitiveness (Carr, 2005). Accurate and timely information about daily operations is essential if managers are to gauge how well the strategy execution process is proceeding. All strategic performance indicators have to be tracked and reported as often as practical (Thompson et al., 2008). Monitoring the performance of empowered employees to see to it that they are acting within the specified limits is an important aspect of effectively managing and controlling the strategy execution process. It provides checks and balances and therefore mitigates risk to the organization (Thompson et al., 2008).

To get employees sustained, energetic commitment, management has to be resourceful in designing and using motivational incentives. A properly designed reward structure is management's most powerful tool for mobilizing organizational commitment to successful strategy execution (Thompson et al., 2008). Rewards can

align manager and employee priorities with organizational objectives and shareholder value; provide very effective direction in strategy implementation (Pearce and Robinson, 2011).

2.4.3 Corporate Culture and Leadership

Effective strategy execution requires instilling a corporate culture that promotes good strategy execution. Strong leadership is also required to drive strategy implementation forward and attain operating excellence (Thompson et al., 2008).

The first step is for management to communicate the case for organizational change so clearly and persuasively to organizational members that a determined commitment takes hold throughout the organization and motivate, arouse enough enthusiasm for the strategy to turn the implementation process into a companywide crusade. Strategy implementation is successful if and when the company achieves the targeted strategic and financial performance and shows good progress in making its strategic vision a reality (Thompson et al., 2008). Organizations are becoming more open, agile and boundaryless. This requires able leaderships and a strong culture to shape decisions that must be made quickly even when the stakes are big. Every line manager must exercise leadership (Charan, 2008).

Corporate culture is made up of values, business principles and ethical standards that management preaches and practices. It has important influences on the development and change of organizational strategy (Schein, 1997). When attempting to embrace accelerated change, reshaping their organization's culture is an activity that occupies considerable time for most leaders (Pearce and Robinson, 2011). Strategy-culture fit will guarantee link with mission, maximize synergy, manage around the culture and

reformulate the strategy or culture (Peters and Waterman, 1982). The tighter the culture-strategy fit, the more that the culture steers company personnel into displaying behaviours and adopting operating practices that promote good strategy execution(Thompson et al., 2008).

Leadership is an important factor in strategy implementation. Leadership is about coping with change. More change always demands more leadership (Kotter, 1990). Leaders embrace change by setting forth their strategic intent by communicating clearly and directly a fundamental vision of what business needs to become. Leaders also make clear the performance expectations a leader has for the organization and managers in it, as they seek to move toward that vision (Arnt, 2004). The leadership challenge is to galvanize commitment among people within an organization as well as stakeholders outside the organization to embrace change and implement strategies intended to position the organization to succeed in a vastly different future (Pearce and Robinson, 2011).

2.5 Challenges of Strategy implementation

According to Alexander (1985) the ten most frequently occurring strategy implementation problems include underestimating the time needed for implementation and major problems surfacing that had not been anticipated, in addition uncontrollable factors in the external environment had an adverse impact. He also found the effectiveness of coordination of activities and distractions from competing activities inhibited implementation, in addition key tasks were not defined in enough detail. With regard to people, the capabilities of employees involved were often not sufficient, leadership and direction and inadequate training and instruction given to lower level employees. Also, in many cases the information systems used to monitor implementation were not adequate.

Since strategy implementation often fails, many theorists have pointed at possible reasons for the failure. Thompson et al. (2008) says that in all organizations, at all levels, there exists a natural resistance to change. Social relationship is more strongly weighted than economical reasons. The employees feel threatened by changes if the unknown and they are concerned with losing their jobs or status.

A strategy may fail in practice, if the design of the organization context is inappropriate for effective implementation and control of the strategy. The organization's strategy should be compatible with the internal structure of the business, its policies, procedures and resources. Mostly concerned with the managers' role in the strategy implementation process is Thompson et al.(2008) who states that organizational change and culture must be the leader's top priority. The authors argue that if the companies' managers see the need for change and give it top priority and use the necessary time, the organization will change.

There are many organization characteristics which impede strategy execution. Challenges that occur in strategy implementation are important areas of research because even the best strategy will be ineffective if not implemented successfully. According to Mbithi (2011) the most common organizational characteristics which constrain strategy implementation concern strategy formulation to implementation, resource allocation, match between strategy and structure, linking performance and pay packages to strategies, creating strategy supportive culture

Part of the difficulty in strategy implementation is due to obstacles or impediments to it. They include, longer time frames needed for execution, the need for involvement of many people in the execution process, poor or vague structure. Poor or inadequate

sharing of information, lack of understanding of organizational structure, including information sharing and coordination methods, unclear responsibilities and accountability in the execution process, and inability to manage change (Herbiniak, 2005).

Implementation remains one of the most difficult areas in management. Research has revealed that only one tenth of strategies are implemented successfully. According to Thompson et al.(2008) strategy implementation challenges include weak management role in implementation, lack of communication, lack of commitment to strategy, unawareness or misunderstanding of the strategy, unaligned organization systems and resources, poor coordination and sharing of responsibilities, inadequate employee capabilities, competing activities and uncontrollable environmental factors. According to Sababu (2007) communication barriers to strategy implementation in an organization arise from individual bias, status difference in message interpretation, inappropriate channels of communication, and too many intermediaries, fear of criticism, selfishness and poor supervision.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the research methodology used in the study. It has been organized into research design, target population, data collection and data analysis.

3.2 Research Design

The research was conducted through cross-sectional survey. Surveys are useful in describing the characteristics of a large population. Cross-sectional survey studies are designed to obtain pertinent and precise information concerning the status of a phenomenon and whenever possible to draw valid conclusion from the facts discovered. Secondly, cross-sectional survey provides a detailed and highly accurate picture. It is also useful in locating new data that contradicts past data. Finally, it is relevant because it involves specific predictions within narration of facts and characteristics concerning the research problem (Cooper and Schindler, 2008). The cross-sectional survey method was therefore the most appropriate in this study in establishing the strategy implementation process and its challenges by milk processors in Kenya.

According to Cooper and Schindler (2008) research design constitutes the blueprint for collection, measurement and analysis of data. It is the plan and the structure of investigation so conceived to obtain answers to research question. Cross-sectional survey was used to obtain answers to the research question as to how strategy is implemented by milk processors in Kenya. This was achieved through the collection, measurement and analysis of findings on a cross section of independent milk processes under investigation.

3.3 Population of the study

The target population in this study was the licensed milk processing firms in Kenya. There were 54 (fifty four) licensed milk processing firms in Kenya as at 31st January 2013 (KDB, 2013). Out of these, 34 (thirty four) were licensed as milk processors and 20 (twenty) as Mini Dairies. The study focused on all the 54 (fifty four) licensed milk processors Kenya.

3.4 Data collection

Primary and secondary data was used in this research. Secondary data included information that was collected from journals, reports and text books (Cooper and Schindler, 2008). Primary data are data that was collected especially for purpose of studying strategy implementation by milk processors in Kenya.

This research used questionnaire for primary data collection. Questionnaires are an efficient data collection mechanism as the researcher knows exactly what is required and how to measure the variables of interest. The questions formulated on the questionnaire were standard and therefore the responses were expected to be homogeneous. The quality of data collected was enhanced especially with the high degree of anonymity for respondents provided by questionnaires.

The researcher applied self-administered questionnaires. Self-administered questionnaire were completed by the respondents. The questionnaire was delivered and returned using mail. This method enhanced the response rate and also enabled such collection of data at moderate cost. Speed of data collection was enhanced as it was possible to reach a large number of respondents in short time.

The Chief Executive Officer (CEO) and the senior management team are responsible for strategy implementation in organizations. In this study, the CEO or their designated member of the senior management team were interviewed in each milk processing firm in Kenya.

3.5 Data Analysis

Data analysis is the categorizing, ordering, manipulating and summarizing data to obtain answers to research questions. The whole process commences immediately after data collection and ends at interpretation and processing of the data (Cooper and Schindler, 2008).

Upon receipt of the filled-in questionnaires, they were coded, examined for completeness and edited. Editing of the raw data facilitated detection, correction of errors and omissions where possible. This guaranteed consistency, uniformity, completeness and accuracy while at the same ensuring maximum data quality standards. Data coding was done by assigning numbers to the answers. Through coding the raw data was transformed into numerical symbols that were to be tabulated and counted. A data structure was then developed by entering the data into the computer using software.

The data analysis was quantitative. The data was summarized using frequencies and percentages. The main variables analyzed were; the building of a capable organization, effective management of internal operations, culture and leadership, which determine success in strategy implementation. Descriptive statistics was used to analyse the variables. Mean was used to measure consensus while standard

deviation was used to measure variability, among the variables. Correlation analysis was used to determine the relationship between each of the main variables with perceived strategy implementation success. The results were presented using piecharts, graphs and distribution tables.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter outlines the findings of the study based on the research question and the objectives. The research question was ; How is strategy implemented by milk processors in Kenya? The objectives of the study were to establish how milk processors in Kenya implement their strategies and to establish the challenges that milk processors in Kenya have faced in their strategy implementation.

Data analysis is the categorizing, ordering, manipulating and summarizing data to obtain answers to research questions. The whole process commences immediately after data collection and ends at interpretation and processing of the data (Cooper and Schindler, 2008). The results were analyzed using Statistical Product and Service Solutions (SPSS) computer software. The findings were presented in frequency tables, pie charts and barcharts.

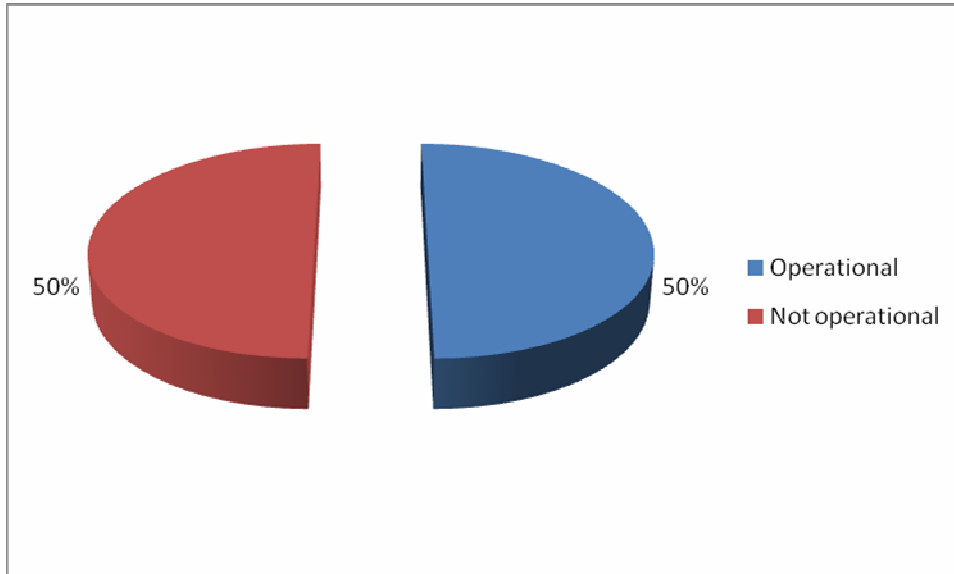
The discussion will entail the major findings based on the research questions and the research objectives. The discussions will also provide interpretation of the findings by comparing them with theory and previous studies.

4.2 Response rate

A survey's response rate is the result of dividing the number of people who answered the survey divided by the total number of people in the population who were eligible

to participate and who should have answered. It is usually expressed in the form of a percentage (Cooper and Schindler, 2008).

Figure 4.1: Operational status



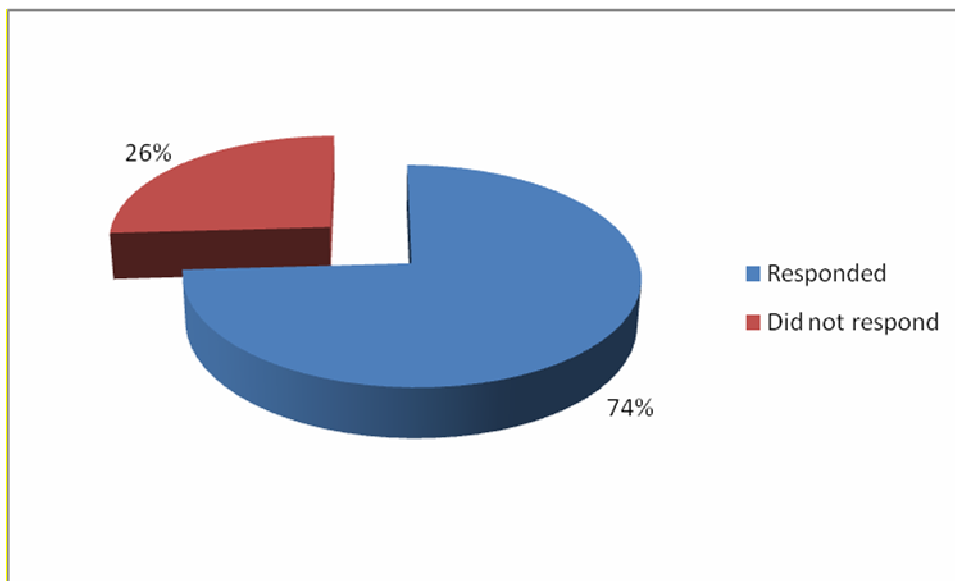
Source: Research (2013)

The target population in this study was the licensed milk processing firms in Kenya. There were 54 (fifty four) licensed milk processing firms in Kenya as at 31st January 2013 (KDB, 2013). The study focused on all the 54 (fifty four) licensed milk processors Kenya.

The researcher established that out of the 54(fifty four) licensed milk processing firms, a total of 27(twenty seven) were not operational as at 31st May 2013(KDB, 2013). The researcher established that of these, five had been acquired by other milk processing firms. Ms Spin Knit Dairies Ltd, Ms Delamare dairies Ltd have been acquired by Ms Brookside Dairies Ltd. It was further established that Ms Kilifi Plantations Ltd, Ms Molo milk Ltd and Ms Limuru Dairies Ltd have been acquired by Ms Buzeki Ltd. The acquired milk processing firms had therefore ceased operations in their respective prior-acquisition names and now operate under the name of the

acquiring firms. The other 22(twenty two) were not operational for other reasons that this study did not establish. Figure 4.1 above shows the summary of the operational status of the 54(Fifty four) milk processing firms in Kenya as at 31st May, 2013(KDB, 2013). The 27(twenty seven) milk processing firms that had ceased operations were did not participate in the study.

Figure 4.2: Response rate



Source: Research (2013)

Research questionnaires were administered on the 27(twenty seven) operational milk processing firms as at 31st May 2013. Out of the 27(twenty seven) questionnaires mailed to the respondents, 20(twenty) were returned filled-up to the researcher. No more responses were received after 30th June, 2013. The researcher allowed 30(thirty) days from the time of mailing the questionnaires to the respondents and receiving back responses by way of receiving filled-up questionnaires. The findings are analyzed and presented in Figure 4.2 above. According to (Cooper and Schindler, 2008) in survey, 50% response rate is reasonable basis in determining the survey accuracy where mail questionnaire method is used. The response rate in this study was 74% and is therefore reasonable.

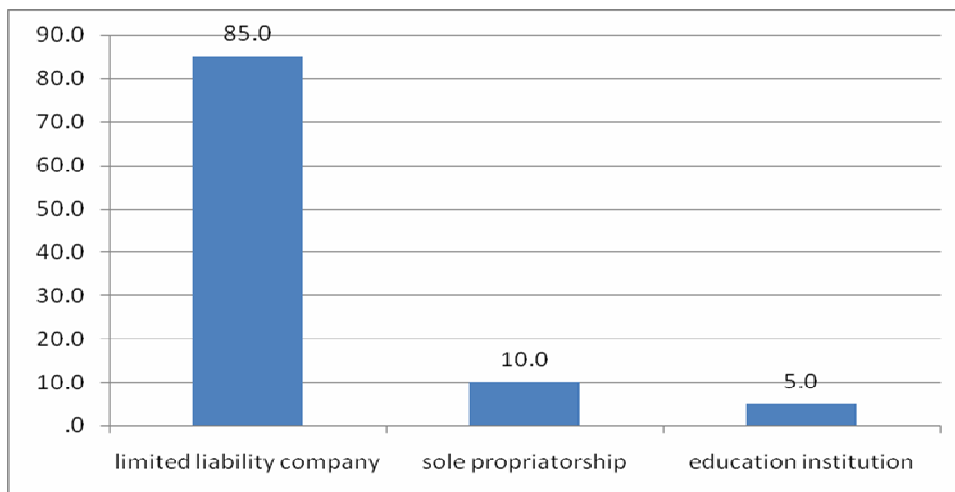
4.3 Background information

The study found out some useful general information about milk processors in Kenya. The information found was broadly classified as organization general information, organization scope of operations and organization strategic plans.

4.3.1 Organization general information

The study found out some useful general information about the milk processors in Kenya. The information found included incorporation status of the organization, number of employees in the organization, number of years the organization has been in existence, responsibility position held by the respondents in the organization, and number of years the respondents have been engaged in the organization. The information found is relevant since the organizations form the context in the strategy implementation.

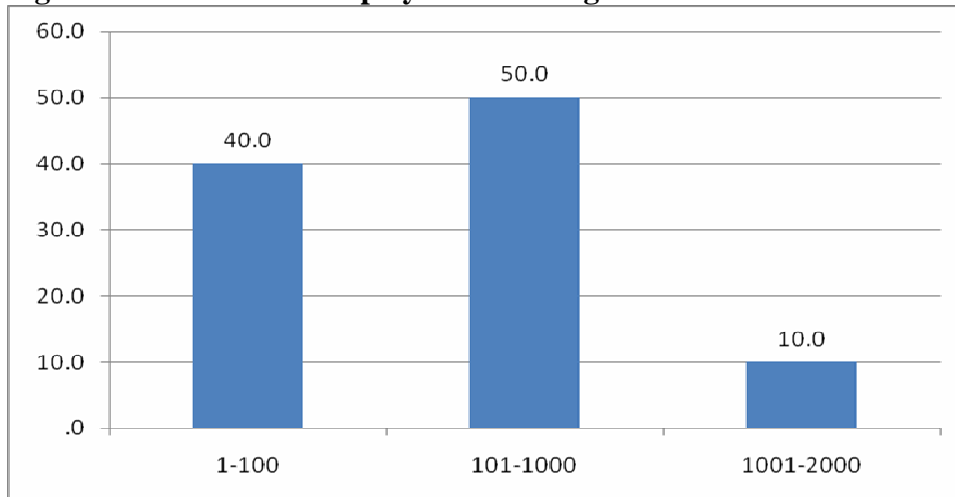
Figure 4.3: Incorporation status of milk processors in Kenya



Source: Research (2013)

The research found out information about the respondents' incorporation status. The research shows that a good number of milk processing firms are corporate entities. From the findings, over 95% of the milk processing firms are corporate entities. Only 5% of the milk processors in Kenya are sole proprietors (Figure 4.3).

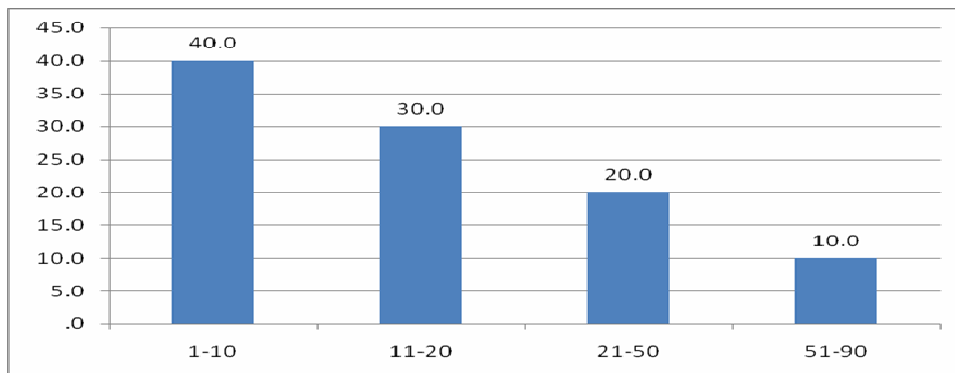
Figure 4.4: Number of employees in the organization



Source: Research (2013)

The study found out information on the number of employees in the respondents' organizations. From the findings 40% of the respondent's organizations have 1-100 employees, 50% have 101-1000 employees and 10% had 1001-2000 employees (Figure 4.4).

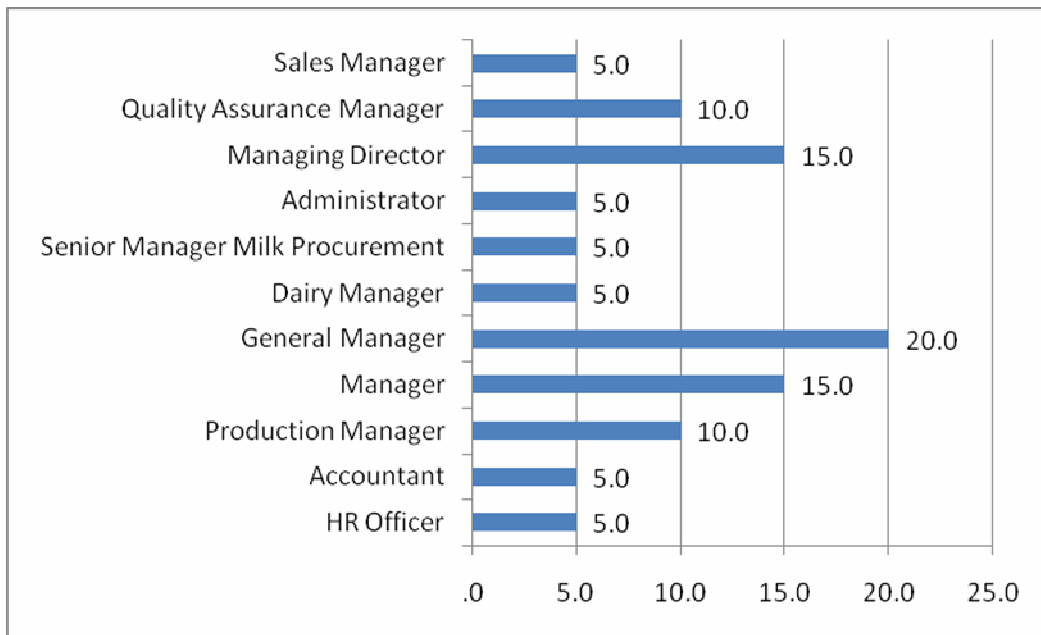
Figure 4.5: Number of years the organization has been in existence



Source: Research (2013)

The research found out information on the number of years the respondent's organizations have been in existence. From the findings 40% of the respondent's organization were 1-10 years in existence, 30% were in existence for 11-20 years, 20% were 21-50 years in existence while 10% were in existence for 51-90 years (Figure 4.5).

Figure 4.6: Responsibility position in the organization

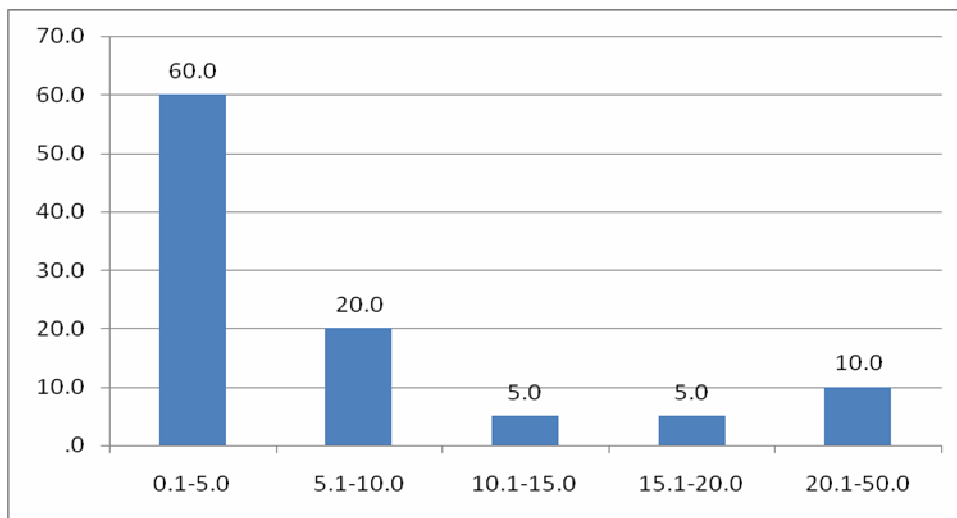


Source: Research (2013)

The study found find out the designations held by the respondents in their respective organizations. The Chief Executive Officer (CEO) and the senior management team are responsible for strategy implementation in organizations. The findings established that 35% of the respondents were Chief Executive Officers while 65% held senior management positions in their respective organizations (Figure 4.6).

From the findings, all the respondents held responsible positions. They are competent to respond to strategy implementation issues in their respective organizations.

Figure 4.7: Number of years engaged in the organization



Source: Research (2013)

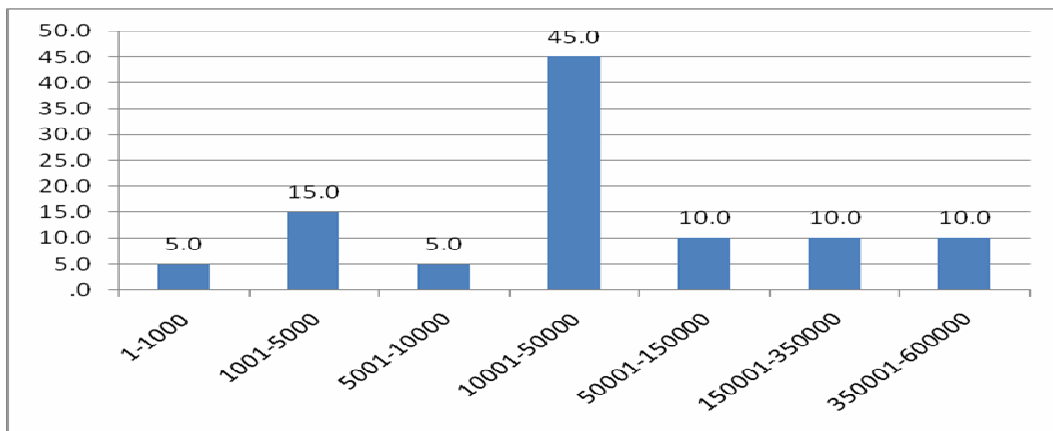
The research found out information about the number of years the respondents have been engaged in the organization. From the findings 60% of the respondents had been engaged for 0.1-5 years, 20% for 5.1-10 years, 5% for 10.1-15 years, 5% for 15.1-20 years and 10% for 20.1 - 50 years in the organization (Figure 4.7).

Majority of the employees have been engaged in the respective organizations for upto five years. Of the respondents, 60% have been engaged for upto five years. From the findings, all the respondents had been engaged in the organizations for long time enough to understand the organizations' strategy and therefore well placed to respond effectively on the strategy implementation issues in their respective organizations.

4.3.2 Scope of operations of milk processors in Kenya

The study found useful general information about milk processors operations scope. The researcher found some useful general information about the average installed daily milk processing capacity, geographical scope of raw milk collection operations and geographical scope of milk and milk products marketing operations.

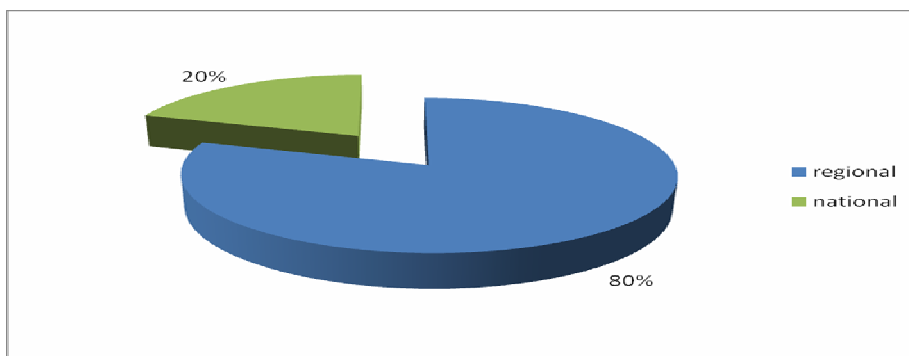
Figure 4.8: Average installed daily milk processing capacity of the milk processing firm



Source: Research (2013)

The study established the average daily milk processing capacity of the respondent's organization. From the findings 45% of the respondent's organization have average installed daily milk processing capacity of 10,001-50,000 litres, 15% have 1,001-5,000 litres, 10% have 50,001-150,000 litres, 10% have 150,001-350,000 litres, 10% have 350,000-600,000 litres, 5% have 1-1,000 litres and 5% have 5,001-10,000 litres(Figure 4.8).

Figure 4.9: Geographical scope of milk processing firm's operations in relation to raw milk collection

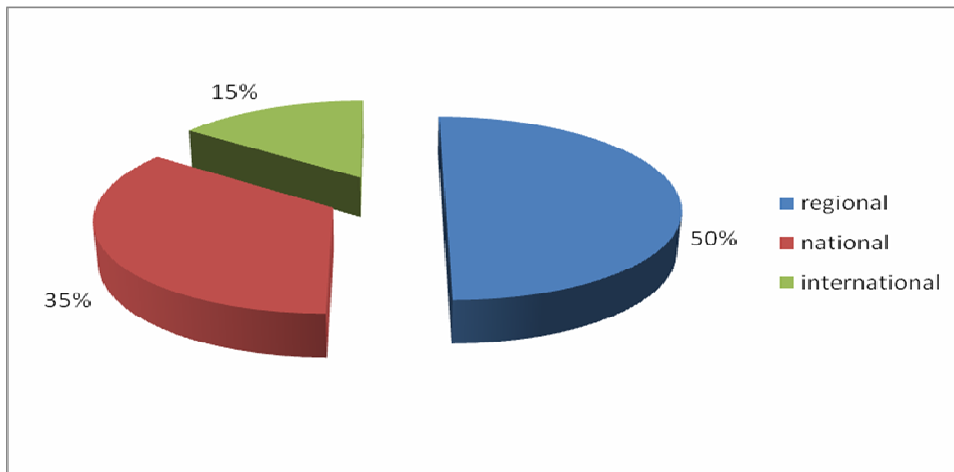


Source: Research (2013)

The study found out the geographical scope of the respondent's organization's operations in relation to raw milk collection. From the findings 80% of the respondent's organizations have their raw milk collection operations within regions of

the country, Kenya and that only 20% have their raw milk collection operations spread across the country, Kenya (Figure 4.9).

Figure 4.10: Geographical scope of milk processing firm's operations in relation to milk and milk products marketing



Source: Research (2013)

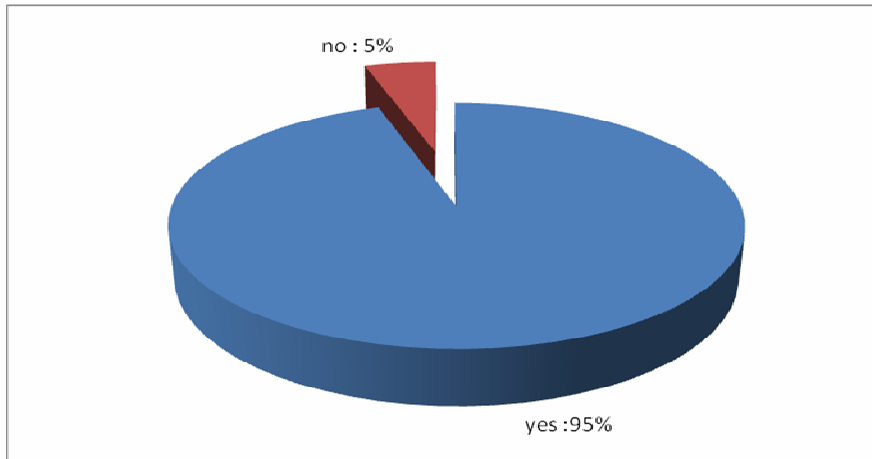
The found out the geographical scope of the respondent's organization's operations in relation to milk and milk products marketing. From the findings 50% of the respondent's organization have their milk and milk products marketing operations within regions of the country, Kenya , while 35% have their milk and milk products marketing operations spread across the country, Kenya and only 15% have their milk and milk products marketing operations beyond the Kenyan borders (Figure 4.10).

4.3.3 Strategic plans by milk processors in Kenya

The study found out some useful general information about strategic plans by milk processors in Kenya. The researcher found out useful general information about the existence of Vision and Mission, existence of strategic plans, whether management undertakes review of strategic plans, frequency of review of the strategic plans staff involvement in the development of the strategic plans, and the use of consultants in

developing strategic plans, among milk processors in Kenya. The information found is relevant as existence of strategic plans is a pre-requisite to strategy implementation.

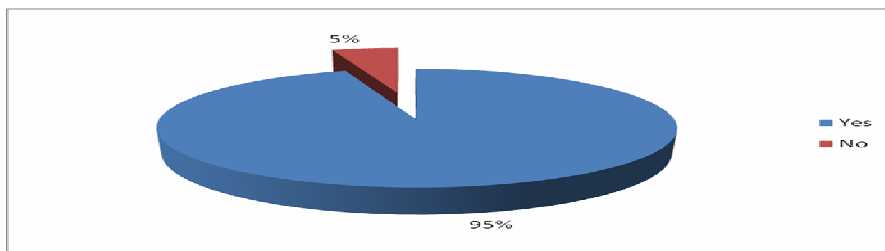
Figure 4.11: Existence of Vision and Mission among the milk processing firms



Source: Research (2013)

This study found information on existence of Vision and Mission among milk processors in Kenya. According to the findings, 95% of the respondents indicated that they have a Vision and Mission while only 5% of the respondents indicated that they don't have a Vision and Mission (Figure 4.11).

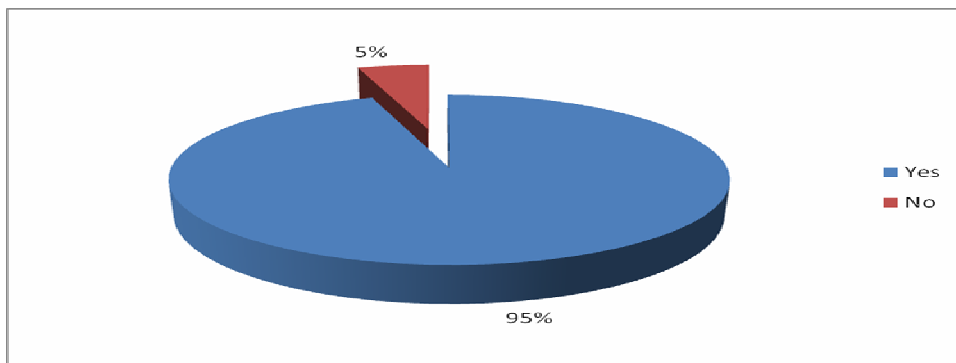
Figure 4.12: Existence of Strategic Plans among the milk processing firms



Source: Research (2013)

This research found useful information about the existence of strategic plans among the milk processors in Kenya. From the findings, 95% of the respondents indicated that they have strategic plans while only 5% of the respondents indicated that they don't have strategic plans (Figure 4.12).

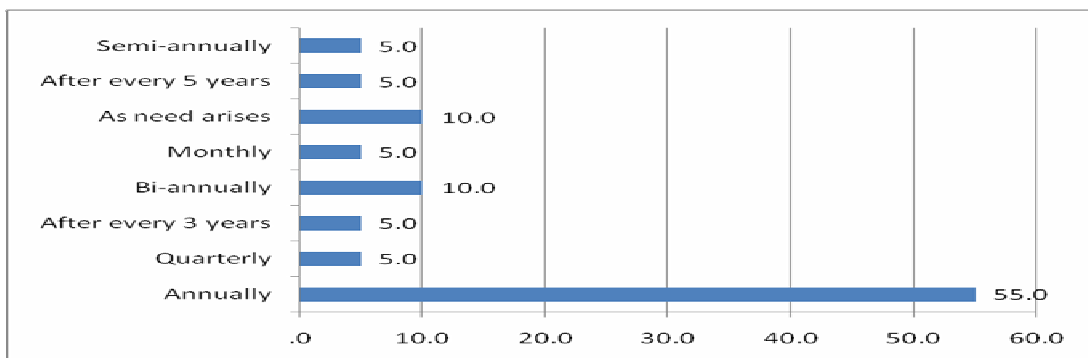
Figure 4.13: Management review of the strategic plans of the milk processing firms



Source: Research (2013)

This study established information on whether milk processing firms' management reviews the strategic plans of the organizations. From the findings, 95% of the respondents indicated that management reviews the strategic plans of the organizations and only 5% of the respondents don't review the strategic plans of the organizations (Figure 4.13).

Figure 4.14: Frequency of review of strategic plan



Source: Research (2013)

The study established the frequency of review of strategic plans of the organizations. From the findings, 55% of the respondents indicated that review of strategic plans is undertaken annually, 10% as need arises, 10% bi-annually and 5% review their strategic plans semi-annually, after every 5 years, monthly after every 3 years and quarterly, respectively (Figure 4.14).

Table 4.1: Extent to which each of the following is involved in the development of the milk processing firms' strategic plans

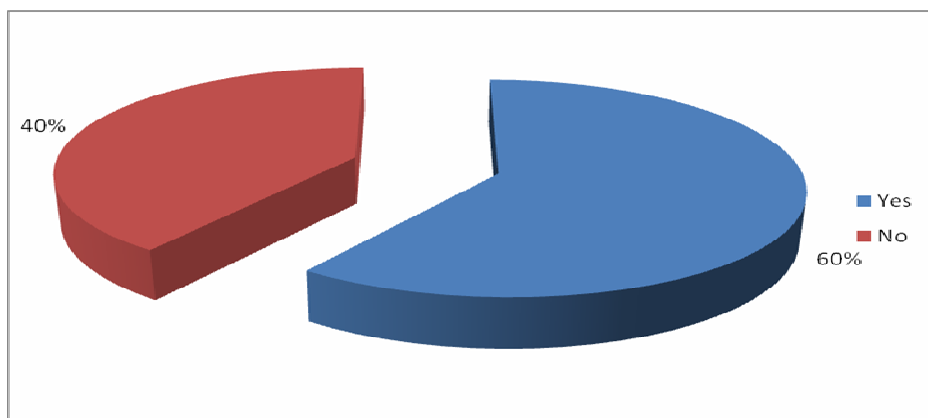
Staff category	Mean	Standard deviation
Top Management	4.95	0.22
Middle Level Management	4.15	1.23
Supervisory Level	3.45	1.50
Lower level staff	2.75	1.52

Source: Research (2013)

Note: The responses were rated using a likert scale of 1 to 5, where 1 = Not at all, 2 = Little extent, 3 = Moderate extent, 4 = Great extent, and 5 = Very great extent.

Respondents were requested to indicate the extent of involvement of various cadres of staff in the development of their respective organization's strategic plans. From the findings respondents indicated to a very great extent that top management are involved in the development of the organization's strategic plans (Table 4.2).

Figure 4.15: Use of consultants in developing strategic plans



Source: Research (2013)

The study investigated the use of consultants in developing organization's strategic plans. From the findings, 60% respondents indicated that they use consultants in

developing organization’s strategic plans while 40% respondents indicated that they don’t use consultants in developing the organization’s strategic plans (Figure 4.15).

4.4 How milk processors in Kenya implement their strategies

The research sought to investigate strategy implementation process by milk processors in Kenya. The study investigated the activities by milk processors in Kenya in their strategy implementation. Investigations were also conducted on the factors that have contributed to success in strategy implementation by milk processors in Kenya. Influence of negative strategy success culture was also investigated as well as the activities undertaken by milk processors in Kenya to build a spirit of high performance culture. The study also investigated the influence of environmental factors on strategy implementation in Kenya.

4.4.1 Strategy implementation components by milk processors

Table 4.2: Extent to which each of the following components has been effectively used in strategy implementation by milk processing firms in Kenya

Strategy implementation components	Mean	Standard deviation
Organization staffing	3.95	1.05
Organization core competencies and competitive capabilities	4.20	0.95
Organization structure	4.05	0.99
Resource mobilization	4.50	0.69
Policies and Procedures	4.50	0.61
Best practices and continuous improvement	4.10	0.85
Rewards and incentives	3.30	0.85
Corporate culture	3.35	1.08
Organization leadership	4.25	0.97

Source: Research (2013)

Note: The responses were rated using a likert scale of 1 to 5, where 1 = Not effective at all, 2 = Fairly effective, 3 = Moderately effective, 4 = Effective, and 5= Very effective.

The respondents were asked to rate the extent to which each of the above components has been effectively used in strategy implementation by their respective milk processing firms. The findings indicate very effective managing of internal operations by milk processors in Kenya in strategy implementation. This is evidenced by the findings of very effective use of resource mobilization and, policies and procedures (Table 4.3).

4.4.2 Contribution of organizational factors to successful strategy implementation

Table 4.3: Extent to which stated organizational factors have contributed to successful strategy implementation by milk processors in Kenya

Organizational factors	Mean	Standard deviation
Management skills	4.45	0.76
Employee training	3.55	1.15
Change of structure	3.45	0.99
Change of culture	3.50	1.19
Organizational policies and procedures	4.15	1.18
Financial resources	4.55	0.60
Reward policy	3.30	1.26

Source: Research (2013)

Note: The responses were rated using a likert scale of 1 to 5, where 1 = Not at all, 2 = Fair extent, 3 = Moderate extent, 4 = Successful, and 5 = Very successful.

The respondents were required to rate the extent to which the stated organizational factors have contributed to successful strategy implementation. From the findings respondents indicated very successful contribution of financial resources to strategy implementation by milk processors in Kenya (Table 4.4).

4.4.3 Influence of cultural practices to the execution of strategy

Table 4.4: Extent to which each of the cultural practices below has negatively influenced the execution of strategy by milk processors in Kenya

Cultural practices	Mean	Standard deviation
Politicized internal environment	2.70	1.30
Hostility to change	3.00	1.08
Promotion of traditional Managers	2.45	1.19
Aversion to superior practice	3.00	1.29

Source: Research (2013)

Note: The responses were rated using a likert scale of 1 to 5, where 1 = No effect, 2 = Little effect, 3 = Moderate effect, 4 = Great effect, and 5 = Very great effect.

Respondents were requested to rate the extent to which each of the cultural practices above has negatively influenced the execution of strategy by their respective milk processing firms. From the findings respondents indicated moderate effect to successful strategy implementation of hostility to change, aversion to superior practice politicized internal environment (Table 4.5).

4.4.4 Building high performance spirit into the organization culture

Table 4.5: Extent to which organization has undertaken each of the following tasks to build a spirit of high performance into the organization culture.

Tasks to build a spirit of high performance culture	Mean	Standard deviation
Treating employees with dignity and respect	4.25	0.91
Training each employee thoroughly	3.65	1.14
Encouraging employees to use own initiative and creativity	4.05	0.99
Setting reasonable performance targets	4.15	0.93

Source: Research (2013)

Note: The responses were rated using a likert scale of 1 to 5, where; 1 = Not at all, 2 = Little extent, 3 = Moderate extent, 4 = Great extent, and 5 = Very great extent.

The respondents were required to rate the extent to which organization has undertaken each of the stated tasks to build a spirit of high performance into the organization culture. From the findings respondents indicated that to great extent, the organization has undertaken treating employees with dignity and respect, setting reasonable performance targets the organization and encouraging employees to use own initiative and creativity (Table 4.6).

4.4.5 Environmental factors impacting on strategy implementation

Table 4.6: Rating how each of the environmental factors below impact on strategy implementation by milk processors in Kenya

Environmental factors	Mean	Standard deviation
Economic factors	4.10	1.17
Political factors	3.35	1.18
Socio-cultural factors	2.80	0.89
Technological factors	4.20	0.69
Threat of new entrants	3.65	1.34
Bargaining power of suppliers	3.85	1.13
Bargaining power of buyers	3.70	1.30
Threat of substitute products or services	3.25	1.21
Rivalry among existing organizations	3.95	1.57
Competitors	4.35	0.99
Creditors	3.00	1.03
Customers	4.20	0.77
Labour market	3.40	1.19
Suppliers	3.60	1.14

Source: Research (2013)

Note: The responses were rated using a likert scale of 1 to 5, where, 1 = No impact at all, 2 = Little impact, 3 = Moderate extent, 4 = Great extent, and 5 = Very great).(spacing amended)

The respondents were requested to rate how they found each of the stated environmental factors impacting on strategy implementation in their organizations.

From the findings respondents indicated that to great extent competitors,

technological factors, customers and economic factors impacted on strategy implementation by milk processors in Kenya (Table 4.7).

4.5 Challenges of strategy implementation among milk processors

The research sought to investigate challenges in the strategy implementation by milk processors in Kenya. The study also investigated the overall success in strategy implementation by milk processors in Kenya.

4.5.1 Impact of challenges in the strategy implementation

Table 4.7: Rating seriousness or magnitude of each of these challenges in the implementation of strategies by milk processors in Kenya.

Problem/Challenge	Mean	Standard deviation
Wrong strategy choice	3.40	1.14
Insufficient human resources skills	3.35	1.31
Inadequate technical knowhow	3.25	1.33
Inappropriate organization structure	2.90	1.33
Lack of clear responsibility being fixed for implementation	3.05	1.27
Lack of financial resources	3.35	1.60
Poor management of resources	2.55	1.23
Global trends in the dairy industry	2.55	1.19
Government interference and regulations	2.85	0.88
Poor leadership style	2.75	1.37
Inactive role played by formulators of the strategic decision	3.20	1.10
Key implementation tasks and activities not sufficiently defined	2.80	1.00
Overall goal not sufficiently well understood by employees	3.25	1.07
External environmental factors which are uncontrollable	3.90	1.20
Surfacing major operational problems which had not been anticipated	3.40	1.31
Advocates and supporters of the strategic decision leaving the organization during implementation	3.15	1.42

Table 4.7 continued

Failure to predict implementing time and problems likely to be encountered	3.15	1.22
Inadequate information and communication systems	2.95	1.32
Resistance from lower levels	2.70	0.86
Lack of commitment from lower level staff	3.20	1.12
Lack of commitment from management	2.45	1.32
Lack of shareholder commitment	2.10	1.25

Source: Research (2013)

Note: The responses were rated using a likert scale of 1 to 5, where, 1 = Not serious, 2 = Less serious, 3 = Moderately serious, 4 = Serious, and 5=Very serious.

Respondents were requested to rate how, in their view they rate the seriousness or magnitude of each of stated challenges in the implementation of strategies in their organizations. From the findings respondents indicated serious impact on strategy implementation in their organizations by challenges in strategy implementation of external environmental factors which are uncontrollable (Table 4.8).

4.5.2 Overall success of the strategy implementation among milk processors in Kenya

Table 4.8: Evaluation of the overall success of the strategy implementation among milk processors in Kenya

Item	Mean	Standard deviation
Achieved the initial goals of the strategic decision	3.60	0.75
Achieved the financial results expected	3.55	0.94
Was carried out within the resources initially budgeted	3.35	0.59

Source: Research (2013)

Note: The responses were rated using a likert scale of 1 to 5, where, 1 = low success, 2 = Fair success, 3 = Moderate success, 4=successful, and 5 = very successful.

The respondents were requested to evaluate the overall success of the strategy implementation in their organizations. From the findings respondents indicated successful strategy implementation by achieving the initial goals of the strategic decision and achieving the financial results (Table 4.9).

4.6 Discussion

The discussion will entail the major findings based on the research questions and the research objectives. The discussions will also provide interpretation of the findings by comparing them with theory and previous studies. The discussion will provide interpretation of the major findings on how milk processors have implemented their strategies and the challenges milk processors have faced in their strategy implementation.

4.6.1 Comparison with theories

The research shows that the milk processors in Kenya have undertaken the building of capable organizations in their strategy implementation process. The findings established use of organization staffing, organization core competencies, and organization structure in their efforts towards building capable organizations. These findings are in support of the theory by Chandler (1962) which says unless structure follows strategy, inefficiency results. The findings are also in support of the McKinsey 7S framework model on the significance of structure and staff in strategy implementation.

The findings also indicate effective managing of internal operations by milk processors in Kenya in their strategy implementation process. From the findings, milk processors undertake the activities of resource mobilization, putting in place policies

and procedures and, adopting best practices and continuous improvement towards effective managing of internal operations in their strategy implementation process. Milk processors in Kenya put in place effective systems in their strategy implementation process. This is in support of the McKinsey 7S model by Peters and Waterman (1982) on the use of systems in strategy implementation.

Further the findings indicated use of organization leadership by milk processors in Kenya in their strategy implementation. The findings are in support of the McKinsey 7S model by Peters and Waterman (1982) on leadership style in strategy implementation.

The research shows contribution of organizational factors to successful strategy implementation by milk processors in Kenya. The findings established contribution of financial resources, management skills and organizational policies and procedures to successful strategy implementation by milk processors in Kenya. These findings are in support of the McKinsey 7S model by Peters and Waterman (1982) on the significance of skills and systems in strategy implementation.

From the research findings, it was established lack of culture-strategy fit among milk processors in Kenya. The study findings established that there are cultural practices that have negatively influenced strategy implementation by milk processors in Kenya. The findings established negative effect of hostility to change and aversion to superior practice to successful strategy implementation. This is in support of the McKinsey 7S model by Peters and Waterman (1982) on the effect of shared values in strategy implementation.

The study established that milk processors in Kenya have undertaken tasks to build a spirit of high performance into the organization culture. The research established that milk processors in Kenya treat employees with dignity and respect, set reasonable performance targets, and encourage employees to use own initiative and creativity. These findings are also in support of the stakeholder theory of organizational management and business ethics that addresses morals and values in managing an organization. The theory advocates for methods by which management can give due regard to the interests of those groups and that the interests of all involved would be better represented if everyone's preferences could be satisfied (Freeman, 1984). The findings are also in support of the McKinsey 7S Model and specifically on shared values, skills and systems.

The research findings show that external factors have impacted on strategy implementation by milk processors in Kenya. The study established that, competitors, customers, technological factors and economic factors have impacted on strategy implementation by milk processors in Kenya. These findings are in support of Freeman (1984) who established that a successful business cannot exist in a vacuum and that the interests of all involved would be better represented if everyone's preferences could be satisfied. The findings also collate with Mitchell, et al. (1997) who defined stakeholders' view of the firm as suppliers, employees, debtors, consumers, competitors, Government and investors and lenders.

4.6.2 Comparison with other studies

The research shows that the milk processors in Kenya undertake the building of capable organizations in their strategy implementation process. The findings established use of organization staffing, organization core competencies, and

organization structure by the milk processors towards building capable organizations. These findings are in support of Johnson et al. (2008) who established that successful strategy implementation requires the organization's configuration to be harmonized with the strategy. These findings are also in support of Thompson et al. (2008) who stated that good strategy execution requires managers to build organizations with requisite capabilities.

The findings also indicate effective managing of internal operations by milk processors in Kenya in their strategy implementation process. From the findings, milk processors undertake the activities of resource mobilization, putting in place policies and procedures and, adopting best practices and continuous improvement towards effective managing of internal operations. Milk processors in Kenya put in place effective systems in their strategy implementation process. These findings collate with Thompson et al. (2008) who stated that successful strategy implementation requires effective and efficient management of the organization's internal operations. Adopting best practices and striving for continuous improvement will ensure performance excellence. Proficient performance of strategic roles by the company personnel requires the organization to install effective and efficient information and operating systems. It also requires instituting policies and procedures that facilitate rather than impede strategy execution.

Further the findings indicated use of organization leadership by milk processors in Kenya in their strategy implementation. These findings collate with Thompson et al. (2008) who stated that strong leadership is required to drive strategy implementation forward and attain operating excellence.

These findings are in support of the findings of Nyika (2007) and Mbithi (2011). The study by Nyika (2007) established that to some extent the motor vehicle franchise holders applied various components of strategy implementation. The study by Mbithi (2011) on strategy implementation by Nakumatt Holdings Limited, Kenya found that there is no agreed-upon and dominant approach to strategy implementation. Further, the study established that there is no agreed framework in strategy implementation.

The research shows significant contribution of organizational factors to successful strategy implementation by milk processors in Kenya. The findings established significant contribution of financial resources, management skills and organizational policies and procedures to successful strategy implementation by milk processors in Kenya. Financial resources and organizational policies and procedures are the organizations' systems factor while management skills form the organizations' skills factor. These findings are in support of Thompson et al. (2008) who stated that a company's policies and procedures can either assist the cause of a good strategy execution or be a barrier. A company's ability to Marshall the resources needed to support new strategic initiatives has a major impact on the strategy execution process. They also stated that knowledge and experience of people can be the key factors influencing the success of strategies.

From the research findings, it was established that there are cultural practices that have negatively influenced strategy implementation by milk processors in Kenya. The findings established negative effect of, hostility to change and aversion to superior practice on strategy implementation. These findings collate with Thompson et al.

(2008) who stated that the tighter the culture-strategy fit, the more that the culture steers company personnel into displaying behaviors and adopting operating practices that promote good strategy execution.

The study established that milk processors in Kenya have undertaken the building of a spirit of high performance into the organization culture. The research established that milk processors in Kenya have undertaken, treating employees with dignity and respect, setting reasonable performance targets, and encouraging employees to use own initiative and creativity, in building a spirit of high performance into the organization culture. These findings collate with Mullins (2005) who stated that creating a climate where people strive to achieve success is crucial. Human Resource systems and structures should be tailored to the types of strategies being pursued. According to Thompson et al. (2008) training and retraining is important when a company shifts to a strategy requiring different skills, competitive capabilities, and managerial approaches and operating methods.

The research findings show that external factors have impacted on strategy implementation by milk processors in Kenya. The study established that, competitors, customers, technological factors and economic factors have impacted on strategy implementation by milk processors in Kenya. These findings collate with Porter(1985) who stated that the success of strategy depends on doing many things as well, not just a few and integrating among them. If there is no fit among activities, there is no distinctive strategy and little sustainability. This is due to the environmental factors that impact on strategy implementation.

The research shows that milk processors in Kenya have been impacted by challenges in the strategy implementation. Strategy implementation by milk processors has not been without challenges. These findings corresponds with Alexander (1985) whose study established the ten most frequently occurring strategy implementation problems that include; underestimating the time needed for implementation and major problems surfacing that had not been anticipated, in addition uncontrollable factors in the external environment had an adverse impact. He also found the effectiveness of coordination of activities and distractions from competing activities inhibited implementation, in addition key tasks were not defined in enough detail. With regard to people, the capabilities of employees involved were often not sufficient, leadership and direction and inadequate training and instruction given to lower level employees. Also, in many cases the information systems used to monitor implementation were not adequate. The findings are also in support of Thompson et al. (2008) who established that strategy implementation challenges include weak management role in implementation, lack of communication, lack of commitment to strategy, unawareness or misunderstanding of the strategy, unaligned organization systems and resources, poor coordination and sharing of responsibilities, inadequate employee capabilities, competing activities and uncontrollable environmental factors.

The findings also collate with Herbiniak (2005) who found out that part of the difficulty in strategy implementation is due to obstacles or impediments to it. They include, longer time frames needed for execution, the need for involvement of many people in the execution process, poor or vague structure. Poor or inadequate sharing of information, lack of understanding of organizational structure, including information sharing and coordination methods, unclear responsibilities and

accountability in the execution process, and inability to manage change. According to Mbithi (2011) the most common organizational characteristics which constrain strategy implementation concern strategy formulation to implementation, resource allocation, match between strategy and structure, linking performance and pay packages to strategies, creating strategy supportive culture.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter will provide a summary of the key findings of the study. The chapter will also highlight the key learnings from the study. Further, the chapter will also provide recommendations arising from the findings. Also included in this chapter are suggestions for further studies in other research areas based on the findings and interpretation thereto.

5.2 Summary of findings

This section will provide a summary of important elements of the study. The summary is presented on the key learnings in relation to, how milk processors in Kenya implement their strategies, and challenges of strategy implementation among milk processors in Kenya.

5.2.1 Strategy implementation process by milk processors in Kenya

The results showed that milk processors in Kenya have effectively used building a capable organization, effective management of internal operations and culture and leadership, in their strategy implementation process. Further, the results showed successful contribution of organizational factors to strategy implementation. The organizational factors of management skills, employee training, organization structure, organization culture, policies and procedures, financial resources and reward policy contributed to successful strategy implementation by milk processors in Kenya.

The results also showed that there is influence of cultural practices to the strategy implementation by milk processing firms in Kenya. The results further showed that milk processors in Kenya have undertaken various tasks towards building a high performance culture in their organizations. The results showed that there are several environmental factors that have impacted on strategy implementation by milk processors in Kenya.

5.2.2 Challenges of strategy implementation among milk processors in Kenya

The results showed that strategy implementation challenges have serious impact in the implementation of strategies by the milk processors in Kenya. The study established that the challenges emanate from both within the organization and also from outside. Challenges emanating from without the organization impacted more seriously on strategy implementation by milk processors in Kenya.

On the overall success in strategy implementation, most of the milk processors responded with successful implementation of strategy. Most of the milk processors achieved the initial goals of the strategic decision and also achieved the financial results expected.

5.3 Conclusion

The study concludes that strategy implementation boils down to managing the action aspect of the strategic management process through which strategy is translated into actions aimed at achieving the strategic goals. The study concluded that milk processors in Kenya have effectively undertaken the activities of organization staffing, Organization core competencies and competitive capabilities, and Organization structure in building a capable organization in their strategy

implementation. The study further concluded that milk processors in Kenya effectively undertake the activities of resource mobilization, formulation of policies and procedures, adopting of best practices and continuous improvement and aligning of rewards and incentives. These are undertaken for effective managing of internal operations in strategy implementation. The study also concluded that organization leadership has been effectively used by milk processors in Kenya in their strategy implementation. The study concluded that milk processors have effectively undertaken activities to build a high performance organization culture and through effective leadership in the strategy implementation.

Strategy implementation is not without challenges. The study concluded that strategy implementation by milk processors in Kenya have been faced with challenges. The study further concluded that challenges of strategy implementation impacted on strategy implementation by milk processors in Kenya. The study concludes that the theories and empirical findings on strategy implementation apply to milk processors in Kenya.

5.4 Recommendations

The following recommendations were made on the basis of the findings and the importance of the study. Milk processors in Kenya should strive to enhance their organizations' staffing activity in building a capable organization. Improvement of this undertaking will enhance success in strategy implementation. It is also recommended that milk processors in Kenya should improve on their alignment of rewards and incentives to strategy. The study also recommends enhancement of the alignment of corporate culture to strategy.

Milk processors should strive to address challenges of strategy implementation. The study established that there are serious challenges that are impacting on strategy implementation. These include, wrong strategy choice, insufficient human resource skills, inadequate technical knowhow and lack of financial resources. For successful strategy implementation, it is recommended that the policy makers in the dairy sector and Government of Kenya should come up with appropriate policies to address these challenges.

5.5 Limitations of the study

The study was limited to registered milk processing firms registered by KDB. Milk processing firms not registered by KDB were not included. Further some firms under study did not respond to the questionnaire. This reduced the response to 74%. However, some useful conclusions were made despite these drawbacks.

Time and financial constraints were also other factors that affected the research. The researcher would have wished to self-administer all the questionnaires so as to respond to questions from the respondents but this was not possible due to time and finance constraints. Additionally, some of the respondents were requesting more time so as to be able to respond to the questionnaire but this was not possible due to time constraints on the part of the researcher.

The scope and depth of the study solely relied on responses from Chief Executive Officers and members of senior management staff of milk processors in Kenya. The respondents may have been impartial in providing the information and considering the questionnaire as an appraisal as to how they have implemented their strategies or the

information may be used for other purposes besides academic. This may have led them to give some unreliable information.

The study dealt with very broad area of strategy implementation. Given the breadth of the subject area, it was impossible to exhaust all the aspects of strategy implementation in one questionnaire. This resulted in the questionnaire being too long and also the possibility of having left out relevant questions.

5.6 Suggestions for further research

The study recommends an in-depth study to establish why many milk processors in Kenya have ceased operations. Of the 54(fifty four) licensed milk processors in Kenya, only 27(twenty seven) were operational as at 31st May 2013(KDB, 2013).

The study further recommends an in-depth study to establish whether milk processors in Kenya are pursuing consolidation strategy. This will possibly explain the acquisitions of other milk processors by some milk processing firms in Kenya as established in this study.

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APPENDIX I

LETTER OF AUTHORIZATION

PATRICK M.MUTISYA
P. O. BOX 8790-00100
NAIROBI

TO

Dear Sir,

RE: AUTHORITY TO COLLECT DATA

I am currently pursuing Master of Business Administration (Strategic Management Option) at the University of Nairobi. One of the requirements to be awarded the above Degree is to carry out a research project on an area of specialization. I have chosen to research on the strategy implementation by milk processors in Kenya. I therefore wish to seek permission to collect relevant data through questionnaire.

Attached is an introduction letter from the University of Nairobi for ease of reference.

Thank you.

Yours faithfully,

PATRICK M.MUTISYA

Encl...

APPENDIX II
REQUEST FOR INTERVIEW

PATRICK M.MUTISYA
P. O. BOX 38790-00100
NAIROBI.
Tel: 0722-444-298

E-mail address: pmmutisya@hotmail.com

Dear Respondent,

RE: REQUEST FOR INTERVIEW

I am currently pursuing Master of Business Administration (Strategic Management Option) degree at the University of Nairobi. One of the requirements to be awarded the above degree is to carry out a research project on an area of specialization. I have chosen to research on strategy implementation by milk processors in Kenya. You have been selected as a respondent for this study. I would be grateful if you could spare a few minutes of your time to provide your input by answering the questions in the attached questionnaire.

The questionnaire consists of four parts A, B, C and D. Your assistance in answering these questions will contribute significantly to the success of this research. I would like to assure you that information that you will provide will be used exclusively for academic purposes and will be treated strictly confidential. A copy of the final report will be availed to you upon request. Attached is an introduction letter from the University of Nairobi for ease of reference.

Thank you for agreeing to participate in the study. If you have any questions regarding the survey, please do not hesitate to contact me.

Yours faithfully,

PATRICK M.MUTISYA

Encl...

APPENDIX III
QUESTIONNAIRE

PART A Respondents General Information

What is your name ?(Optional)	
What is the name of your organization?	
What is the type of your organization? (NB:Tick (√) as appropriate)	(a) Limited liability Company (b) Partnership (c) Sole proprietorship
How many employees are there in your organization?	
How many years has your organization been in existence?	
What is your designation in the organization?	
How many years have you been engaged in the organization	
What is the average installed daily milk processing capacity of your organization?(State in Litres)	
What is the geographical scope of your organization's operations in relation to: (a) Raw Milk collection? (NB:Tick (√) as appropriate) (b) Milk and milk products marketing? (NB:Tick (√) as appropriate)	(i) Regional (ii) National (iii) International (i) Regional (ii) National (iii) International

PART B Strategy

(NB: Tick (√) as appropriate)

- 1 Does your organization have a Vision? Yes No
- 2 Does your organization have a Mission? Yes No
If yes, is it in written form? Yes No
- 3 Does your organization have Strategic Plans? Yes No
- 4 Do you review the strategic plans of the organization? Yes No
If yes, state how frequently (e.g. annually).....

5 Rate the extent to which each of the following is involved in the development of the organization’s strategic plans. (Rating scale of 1 to 5, where 1 = Not at all, 2 = Little extent, 3 = Moderate extent, 4 = Great extent, and 5 = Very great extent).

	Not at all				Very great extent
	1	2	3	4	5
Top Management					
Middle Level Management					
Supervisory Level					
Lower level staff					

6 Do you make use of consultants in developing your strategic plans? Yes No

PART C Strategy Implementation

(NB: Tick (√) as appropriate)

1 Rate the extent to which each of the following components has been effectively used in strategy implementation within your organization. (Rating scale of 1 to 5; where 1=Not effective at all, 2= Fairly effective,3=Moderately effective,4=Effective, and 5= Very effective).

	Not effective at all				Very effective
	1	2	3	4	5
Organization staffing					

Organization core competencies and competitive capabilities					
Organization structure					
Resource mobilization					
Policies and Procedures					
Best practices and continuous improvement					
Rewards and incentives					
Corporate culture					
Organization leadership					

2 Rate extent to which stated organizational factors have contributed to successful strategy implementation. (Rating scale of 1 to 5: where; 1=Not at all, 2 = Fair extent, 3 = Moderate extent, 4 = Successful, and 5=Very successful).

	Not at all 1	2	3	4	Very successful 5
Management skills					
Employee training					
Change of structure					
Change of culture					
Organizational policies and Procedures					
Financial resources					
Reward policy					

3 Rate the extent to which each of the cultural practices below has negatively influenced the execution of strategy in your organization. (Rating scale of 1 to 5; where 1 = No effect, 2 = Little effect, 3 = Moderate effect, 4 = Great effect, and 5=Very great effect).

	No effect 1	2	3	4	Very great effect 5
Politicized internal environment					
Hostility to change					
Promotion of traditional Managers					
Aversion to superior practice					

4 Rate the extent your organization has undertaken each of the following tasks to build a spirit of high performance into the organization culture. (Rating scale of 1 to 5, where; 1 = Not at all, 2 = Little extent, 3 = Moderate extent, 4 = Great extent, and 5 = Very great extent).

	Not at all 1	2	3	4	Very great extent 5
Treating employees with dignity and respect					
Training each employee thoroughly					
Encouraging employees to use own initiative and creativity					
Setting reasonable performance targets					

5 Rate how you find each of the environmental factors below impacting on strategy implementation in your organization. (Rating scale of 1 to 5; where, 1 = No impact at all, 2 = Little impact, 3 = Moderate extent, 4 = Great extent, and 5= Very great).

Factor description	Not impact at all 1	2	3	4	Very great extent 5
Economic factors					
Political factors					
Socio-cultural factors					
Technological factors					
Threat of new entrants					
Bargaining power of suppliers					
Bargaining power of buyers					
Threat of substitute products or services					
Rivalry among existing organizations					
Competitors					
Creditors					
Customers					
Labour market					
Suppliers					

PART D Challenges of strategy implementation

(NB: Tick (√) as appropriate)

1 Rate how, in your view you rate the seriousness or magnitude of each of these challenges in the implementation of strategies in your organization. (Rating scale of 1 to 5; where, 1 = No effect, 2 = Less serious, 3 = Moderate serious, 4= Serious, and 5=Very serious).

Problem/Challenge	Not serious				Very serious

	1	2	3	4	5
Wrong strategy choice					
Insufficient human resources skills					
Inadequate technical knowhow					
Inappropriate organization structure					
Lack of clear responsibility being fixed for implementation					
Lack of financial resources					
Poor management of resources					
Global trends in the dairy industry					
Government interference and regulations					
Poor leadership style					
Inactive role played by formulators of the strategic decision					
Key implementation tasks and activities not sufficiently defined					
Overall goal not sufficiently well understood by employees					
External environmental factors which are uncontrollable					
Surfacing major operational problems which had not been anticipated					
Advocates and supporters of the strategic decision leaving the organization during implementation					
Failure to predict implementing time and problems likely to be encountered					

Inadequate information and communication systems					
Resistance from lower levels					
Lack of commitment from lower level staff					
Lack of commitment from management					
Lack of shareholder commitment					
Other.....(specify and rate)					

2 Please evaluate the overall success of the strategy implementation process in your organization. (Rating scale of 1 to 5; where 1 = low success, 2= Fair success, 3= Moderate success, 4= Successful, and 5 = very successful)

Item	Low success 1	2	3	4	Very successful 5
Achieved the initial goals of the strategic decision					
Achieved the financial results expected					
Was carried out within the resources initially budgeted					

Thank you in advance for your time and assistance. God Bless.