

**CHALLENGES OF STRATEGY IMPLEMENTATION AT
AGRO-CHEMICAL AND FOOD COMPANY LIMITED, KENYA**

BY

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DECLARATION

I declare that this project is my original work and has not been presented for a degree in other University.

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This management project report has been submitted for examination with my approval as the University Supervisor

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DEDICATION

I wish to dedicate this work to my family for inspiration, support and encouragement and to the corporate executives who dare to dream big and steer their firms to virgin business frontiers and remain competitive ventures through effective implementation of their strategic plans.

ACRONYMS AND ABBREVIATIONS

ACFC	Agro-chemical and Food Company
ADC	Agricultural Development Corporation
GOK	Government of Kenya
HOD	Head of Department
ICDC	Industrial Commercial Development and corporation
IIC	International Investment Corporation
KNCHR	Kenya National Commission on human Rights
NSSF	National Social and Security Fund

ABSTRACT

Strategy development helps to articulate objectives that an organization hopes to achieve and mapping out the optimal desirable route to the attainment of the set goals amidst the environmental threats and opportunities that it faces. Strategy therefore forms a link between the organization and the external environment. The action phase of strategic management is the implementation stage that encompasses the process of institutionalization and operationalization of strategy and remains the most difficult area of management and in most cases challenges arise hindering the intended noble goal of the strategy. The objective of this study was to establish the challenges of strategy implementation at Agrochemical and Food Company, Kenya. It also sought to establish the measures ACFC has put in place to address the identified challenges. The research was conducted by way of case study. Face to face interviews were done with ten Heads of Department at ACFC using an interview guide. Content analysis technique was then used to analyze data by giving emphasis to certain concepts that are determined by the frequency of certain words and phrases emanating from the interview process. The study found out that there are several challenges that mitigate strategy implementation at ACFC. The most prevalent of them include inadequate resource allocation, resistance to change and technological challenges. Various measures were also in place to mitigate the identified challenges such as participation and involvement in managing resistance to change, allocating resources to critical activities during budgeting, managing human resources concerns and matching organizational structure to strategy. ACFC finds itself in the same position in facing challenges available in theories as most of the organization as far as implementation of strategy is concerned hence the study is valuable to the management of ACFC and the public corporations for policy formulation . Further studies can be done to ascertain the effectiveness of the measures taken to mitigate the challenges and a comparison study of the extent of strategy implementation to the company performance.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The development of a strategy helps to articulate objectives that an organization hopes to achieve and mapping out the optimal desirable route to the attainment of its set goals is essential amidst the environmental threats and opportunities that it faces. Environmental scanning is essential in strategic management and refers to the monitoring, evaluation and dissemination of information from the external and internal environments to key people within an organization to detect strategic factors with impact on successes or failure (Wheelen & Hunger, 2008). The environment can be classified as remote environmental variables that includes economic forces, technological forces, political forces, social cultural forces and these influence long run decisions and on the other hand are Industry environmental variables that includes competition, suppliers, creditors, customers, shareholders which directly affect the organizational activities (Wheelen et al,2008).Strategy therefore forms the link between organization and the external environment which poses opportunities and threats.

This study is informed by a number of theories that explain the environment where organizations operate and means by which strategies can be aligned to fit in ensuring they remain competitive. These theories include open system theory, resource based view theory, dynamic capability theory, institutional theory and the McKinsey's 7-S framework. The resource based view theory focuses on firm specific capabilities and assets and the existence of isolating mechanisms as the fundamental determinants of firm performance (Teece et al, 1997). Dynamic capabilities theory stresses on exploiting

existing internal and external firm specific competencies to address changing environments (Teece et al). The McKinsey's 7-S framework comprised of seven success criteria for excellence grouped as hard elements that are structure, strategy and systems and soft elements that consist of shared values, skills, staff and style (Peters & Waterman, 1982). Open system theory is concerned with the dependency that exists between an organization and its environment (Pondy et al, 1999).

Strategy implementation allows an organization to position itself as well as encounter challenges it faces and can be defined as the process by which strategies and functional policies are put into action through the development of action plans, goals, programs, budgets, procedures, structures, motivation, communication, leadership, allocation of resources and enforcement in accomplishing strategic goals (Sababu,2007).It encompasses the process of institutionalization and operationalization of strategy. The process of institutionalization relies heavily on the organizational configurations consisting of organizational structure, process and relationships while operationalization on the hand involves committing the organizational resources to the process and embodying the strategy in the organizational activities (Johnson & Scholes, 2002).

Agrochemical and Food company Limited in an attempt to achieve its strategic vision of being a global leader in the production and marketing of quality spirits, yeast, energy and related products outlined in the 2009/2010-2013/2014 strategic plan focuses on five key strategic thrusts that included weak institutional capacity, weak resource mobilization and sustainability, inadequate factory capacity, inadequate technological development and

product diversification and cross cutting issues that is quality and safety, environmental management, corporates social responsibility and governance (ACFC corporate strategic plan, 2010). The study therefore attempted to find out the progress in achieving the above goals and challenges experienced in meeting the objectives.

1.1.1 Strategy Implementation

Strategy implementation refers to the process by which functional policies and strategies are put into action through the development of procedures, plans, structures, resource allocation and enforcement to achieve mission and objectives of a firm (Sababu, 2007). The most critical phase of strategic management process is the translating the plans into action. There is need to implement strategic choices through budgeted resource allocations in which the matching of tasks, people, structures, and technology and reward systems is adhered to and reinforced (Pearce et al,2010).Strategy implementation involves managing stakeholders' relationships and organizational resources in a manner that moves a firm towards successful execution of its strategies, consistent with its strategic direction and involves creating organizations design and control systems to keep the company on the right course (Johnson et al, 2002).

The most vital phase in strategic management process is strategic implementation where actions are taken to actualize approved plans. It begins with the analysis of long term plans and breaking them down to small workable short term plans and extends to the process of division of work, assigning duties to departments and enabling individuals to carry out the tasks (Yabs, 2010).Once the strategy has been formulated and ready for

implementation, the firm's management must operationalize the strategy or popularize by convincing all workers to accept the strategy and let the workers own the process. Many firms have designed various ways of operationalizing their strategies and these include inclusion of workers or management at the time of formulation, seeking views of those who will implement the strategies, using management acumen to convince workers to accept the new strategy and borrowing ideas from other successful firms that is benchmarking (Pearce et al, 2010).

The extent of success in strategy implementation depends on the availability of resources and include both internal such as plant capacity, structures, infrastructure, corporate culture capability of employees and so on while the external resources which emanate from the environment will include raw materials, power, energy and manpower. The success of most firms depends on how to mobilize and use the resources. These include developing strategy supportive culture, motivating employees into action, creating an effective organizational structure, redirecting marketing efforts and preparation of budgets for resource allocation (Yabs, 2010).

Strategic implementation process is the most challenging practice in strategic management practice especially when being operationalized in a turbulent environment leading to only a few strategies being put into action. The most mentioned problems in strategy implementation include ineffective communication, unclear organizational structure, unclear strategic fit, lack of top management commitment, resistance to change,

diverse organizational culture that does not support strategy implementation(Wheelen et al, 2008).

1.1.2 Challenges of Strategy Implementation

In the process of strategy management, the strategic implementation process is the most challenging in most turbulent environment leading to successes in only a few of the strategies being put into action. Strategies may be outdated also due to rapid changes in a firm's internal and external environment. The most mentioned problems in strategy implementation are poor communication, organizational structure and unclear strategic fit lack of top management commitment, resistance to change among others (Wheelen et al, 2008).

The manifestations of the challenges are usually experienced during the process of operationalization and institutionalization of the strategy where operationalization refers to the committing of the organizational resources to the process and embodying the strategy into organizational activities while institutionalization heavily relies on the organizational configurations consisting of structures, processes and relationships (Johnson & Scholes, 2002). The nature of the challenges can be grouped into two that is internal challenges that institute situations that are within the control of the organization such as organizational structure, organizational culture and mode of communication. The external challenges emanate from the external environment and these include legislation, government policies, technological and political challenges among others (David, 2011).

The organizational structure refers to the formal arrangement of roles and relationships of departments, sections and concerned individuals so that the work is directed towards meeting the goals and accomplishing the mission of the organization. Change in strategy often require changes in the way organization is structured because structure dictates how objectives and policies will be established and resources allocated (Sababu,2007). Several writers argue that structure follow strategy and therefore there is no perfect structure in strategy implementation. Chandler (1962) concludes that structure follow strategy hence a rigid structure will not implement strategy effectively.

The culture of the organization can be defined as the basic patterns of shared values and assumptions governing the way employees within the organization think or act on threats and opportunities. It refers to a system shared values held by members that distinguishes it from other organizations. Culture consists of norms, values and unwritten rules of conduct as well as management styles, priorities and interpersonal relationships. It is normally developed by the ideas proposed by the founders of the organization (Wheelan et al, 2008). An optimal culture is that that supports mission and strategy of an organization while diverse values supports failure of strategy implementation.

Top leadership is a process involving the management of an organization to provide forethought guidance and cohesion to a group with a common mission. This means that the key to leadership is influence and reciprocal relationship between the leader and the follower in the process of attempting to achieve their mission (Sababu, 2007).The type of

leadership style also dictates the success of strategy implementation since leaders are expected to inspire and motivate staff.

Communication is a key factor and refers to the process of transmitting information from one person to another through a specific channel in a given environment. It is said to be strategically complete when there is a directional reaction towards the mission that is feedback. Often there arise some communication barriers that hinder execution of strategy and these include status difference, inappropriate channels, too many intermediaries and individual biasness (Pearce et al, 2010). Poorly communicated strategies are never implemented because of delays, lack of understanding, information distortion and lack of coordination and control of the process.

Motivation is the process of influencing people as individuals or groups to accomplish specific objectives. Objectives, policies and strategies have little chance of succeeding if employees are not motivated to implement strategies once they are formulated. Resource allocation constitutes the central management activity that allows strategy execution. Most organizations resources revolve around financial, physical, human, technological and good will. There are some factors that hinder rational resource allocation and these include nepotism, organizational politics, and lack of training and managerial skills among managers (Sababu, 2007).

Studies done by Sekoyo (2009) on challenges facing strategy implementation at NSSF found out that factors such as organizational politics, communication barrier, resistance

to change deterred the process of implementation of a well-planned strategy. Lawrence (2005) identified four problems that are people related making it difficult to implement strategy. These were that managers are trained to plan not to implement, implementation is longer than formulation, implementation involve more people than planning stage and finally top management do not see themselves responsible for implementation and continue blaming subordinates for delays in execution of strategies.

1.1.3 Agro Processing Industry in Kenya

Agro processing industry has enormous potential to contribute towards the national growth and development. It has a ten percent Growth Domestic Product stipulated in the vision 2030 and the Millennium Development Goals (GOK, economic survey, 2011). ACFC strategic plan is meant to align it with various national development plans particularly the vision 2030 and address emerging challenges which include impending privatization, high debt portfolio, limited sources of raw materials and low production efficiencies (ACFC Corporate strategic plan, 2010). The alcohol industry especially those dealing with spirits manufacture in the recent past has experienced growth of new entrants and the main local producers include ACFC, Spectre International, London Distillers and Mumias sugar Company. All these companies use molasses a by-product of sugar industry as their main raw material. The industry is controlled, regulated and heavily taxed by the government of Kenya. Alcohol drink Control Act, 2010 regulates production, marketing and consumption of alcoholic beverages in Kenya (GOK, economic survey, 2011).

1.1.4 Agro-Chemical and Food Company Limited

Agro-chemical and Food Company is a commercial state corporation under the ministry of Agriculture in Kenya established in 1978. It is mainly involved in the production of alcohol, active dry yeast, and wet yeast for local and international markets. The company ownership is between Agricultural Development Corporation (ADC), Industrial Commercial Development and Corporation (ICDC) and International Investment Corporation (IIC) at 28%, 28%, and 44% respectively. Since its inception under the company's Act Chapter 468(Laws of Kenya) ACFC has the mandate to produce alcohol and baker's yeast from local renewable resources, the sugarcane molasses purposely for creation of employment and generating economic gains to the government and other shareholders (ACFC Corporate strategic plan, 2010).

The company's operations are greatly influenced by very dynamic environmental factors such as political interferences, technological changes, legal requirements, limited resources and other organizational factors like internal capabilities not forgetting stiff competition from both demand and supply fronts due to liberalization of economies. Full implementation of the firm's strategic plan focusing on developing the plants institutional capacity, resource mobilization and sustainability, factory capacity, technological development and product diversity and other cross cutting issues will enhance the company's profitability and competitiveness (ACFC Corporate strategic plan, 2010).

1.2 Research Problem

Strategy implementation which constitutes the translating strategic plans into action is just as important in public sector as in the commercial firms amidst arising environmental instability where these firms operate. Various challenges such as poorly communicated strategy, unclear strategic fit to structure, weak organizational cultures, lack of top management commitment and resistance to change emerge during the process of strategy implementation that demand identification and management to enable success in meeting objectives during the processes of institutionalization and operationalization of strategy that involve structure, processes, relationships and committing all organizational resources to the process, embodying the strategy to the organization (Johnson and Scholes,2002).

Agro-Chemical and Food Company Limited has been involved in strategy implementation focusing on improving its weak institutional capacity, weak resource mobilization, inadequate factory capacity, inadequate technological development, product diversification and cross cutting issues (ACFC Corporate strategic plan, 2010) is embracing strategic management as a modern practice for them to remain relevant and survive in this turbulent, unpredictable environment it is found in within the industry and competition arising from competitors. This organization has been able to formulate the organizational vision, mission, and objectives and come up with realistic strategic plan which focuses on the above key issues, however the biggest obstacle in achieving the stated objectives comes in the challenges met at strategy implementation stages.

Various studies have been done on the issue of strategy implementation. Musyoka (2009) studied on strategy implementation challenges at Premier Cookies Limited, Mwangi (2009) on Challenges facing implementation of strategic plan at Blue Shield Insurance Company Limited, Mundia (2010) studied on Strategy implementation and its challenges at KNCHR, Sekoyo (2010) on Challenges of strategy implementation with the Kenyan Public Corporation; The case of NSSF and Lutta (2010) on challenges of implementing strategic plan at Mumias Sugar Company Limited. Since these studies were done in different contextual settings, and Agrochemical being a state corporation, with its unique ownership structure, a gap exists that warrants a study. What are the challenges faced by ACFC during strategy implementation.

1.3 Objectives of the Study

- i) To establish challenges of strategy implementation at Agro-chemical and Food Company, Kenya
- ii) To determine measures taken to address the challenges of strategy implementation at Agro-chemical and Food Company, Kenya.

1.4 Value of the Study

To Academicians, the consolidated facts, findings and the discussions will be important to researchers in the field of business management.

In policy formulation is to demonstrate to other public corporations that strategy development and implementation is a reality and impacts on performance of the organizations.

In practice, the management of Agro-chemical and Food Company Limited will determine how effectively to engage in strategy implementation, establish challenges and explore possible measures to address the challenges identified.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter of the paper covers in depth review of available literature on the theories underpinning the study, strategy implementation and challenges of strategy implementation.

2.2 Theories Underpinning the Study

Various strategic theories explain the environment where organizations operate and means by which the strategies can be aligned to fit in ensuring they remain competitive ventures after meeting there set objectives.

Systems theory originated in the natural sciences in efforts to understand sets of objects, the relationships between those objects and the relationships between sets of objects and their environment. System refers to a set of cyclic processes that are only temporarily manifested in stable structures that move between order and chaos. The ability of an organization to develop and grow is dependent on its ability to respond to changes in the environment (Corlett, 2011). Open system theory is concerned with the dependency that exists between an organization and its environment. Since the environment is always in a state of flux, there will always be give and take between an organization and its

environment. As in nature there are constantly recurring processes that are necessary for the survival of an organization. System theorists claim that it is more expedient to study what actually happens in an organization than to start out with formal goals and then it is only natural to look at what an organization receives from its environment, what it does with its resources and what it gives back to the environment.

The environment influences that affect open systems can be described as either specific or general where specific environment refers to the network of suppliers, distributors, government agencies and competitors which a business enterprise interacts. The general environment encompasses influences that emanate from geographic area in which the organization operates and include cultural values, economic conditions, legal and political environments. The assumptions are that all large organizations are comprised of multiple subsystems each of which receive inputs from other subsystems and turn them into outputs for use by other subsystems (Pondy et al, 1999). Open systems theory suggests that there exist a conflict between organizational environments, work environment, work and structure and these are issues that relate to uncertainty and thus a challenge the organization has to identify appropriate responses and can reduce the frequency of sub optimization.

Resource based view theory argues that resources are simultaneously valuable, rare, imperfectly imitable and imperfectly substitutable and are sources of competitive advantages. The underlying assumption on which the resourced based view of the firm is based is that resources are heterogeneous across organizations and that heterogeneity can

sustain overtime. It is the theory to explain how some firms are able to earn super profits in equilibrium. The resources based view is a method of analyzing and identifying firms strategic advantages based on examining the distinct combination of assets, skills, capabilities and intangibles as an organization (Teece et al, 1997).

The resource based view theory requires a firm to identify which of its resources represent strength or weaknesses and which resources generate core competencies that are sources of sustained competitive advantage, It derives the guidelines that resources are more valuable, when they are critical that is meeting customer expectations, scarce, drive to profitability of firm and sustainable overtime (Pearce et al, 2011). Resource based view concentrates on the chief resources and capabilities of the organization, especially those where the organization has a competitive advantage as the principle source of successful strategic management. Essentially competitive advantages come from the organizational resources rather than the environment within which the company operates (Lynch, 2009).

The dynamic capabilities theory perspective extends the resource based view argument by addressing how valuable, rare, difficult to imitate, imperfectly substitutable resources can be created and how stocks of the valuable resources can be refreshed in changing environment (Teece et al, 1997). Dynamic refers to the capacity to renew competencies so as to achieve congruence with the changing business environment while capability emphasizes on the key role of strategic management in appropriately adapting, integrating and reconfiguring internal and external skills, resources and functional

competencies to match the requirements of a changing environment. Dynamic capability perspective focuses on the capacity of the organization facing a rapidly changing environment and has to create new resources, to renew or alter its resource mix and acknowledge that top management team and its beliefs about organization evolution may play an important role in developing dynamic capabilities. It focuses on how firms can change their valuable resources over time and do so persistently (Ambrosin et al, 2009).

The McKinsey's 7-S framework composed of seven success criteria for excellence group as hardware consisting of structure, systems and strategy and software consisting of shared values, skills, staff and style. Peters and Waterman (1982) used a set of performance and reputation indicators to choose the best managed companies in America. They observed that successful companies placed heavy emphasis on productivity through people and reward system and devoted careful attention in managing organizational culture. The successful firms strive for coherence in their approach to management with shared values of the culture guiding the relationships between staff characteristics, skills, strategies, structure and management systems (Peters et al, 1982).

2.3 Strategy Implementation

Strategy has its roots in Greek language. It came from the word *strategos* which means the art of army general deploying forces to defeat an enemy. It has been used for centuries by army commanders in various societies from China, Greeks, Mali and Ghana empires. Competition in industries was equated to war tactics and most business

organizations borrowed military terminologies such as strategies, logistics, chain of command, unity of purpose, strategic alliances and others (Yabs, 2010).

Strategy implementation is the action phase of the strategic management process and is usually initiated in three interrelated phases namely; identification of measurable and mutually determined objectives, development of functional strategies and effectively communicating the policies to guide decision making. Strategic plans cannot take shape in firms unless deliberate effort is put in place to enable them be put into action in achieving targeted results (Johnson & Scholes, 1999). The most critical phase of strategic management process is the translating strategic plans into action. The strategies after being formulated in conceptual terms must be translated into specific functional policies and executed in attaining the desired policies. Effective strategic implementation results when organizational resources including and not limited to financial, human, organizational capabilities and actions are tied to strategic priorities and the results of such actions are measured against the desired outcomes (Pearce et al, 2010).

Implementation of strategy had earlier been suggested by earlier writers to be a question of organizational design where systems and structures are manipulated in line with strategic goals, however in the recent times implementation is viewed as an issue of gaining prior group commitment through a collective decision making or as a question of total organizational involvement through a strong corporate culture. Strategy implementation can hence be seen to involve managing stakeholders, relationships, organizational resources in a manner that moves a firm towards successful execution of

its strategies, consistent with its strategic direction. It therefore involves creating organizational design, control system in keeping the company in the most desirable course (Bourgeois & Browdwin, 1984).

In the process of strategy management, implementation is the most challenging in turbulent environment leading to only few successes. Some strategies may be outdated due to rapid changes in a firm's internal and external environment and therefore the best implemented strategies must be in cognizance of ever changing environment and flexibility in actions. Scriber (2004) defined five facets of strategic management from goal setting, analysis, formulation, implementation and monitoring. She outlined that to implement strategy; managers must assemble resources and apply them, put the chosen plans into practice, tap existing capacities, build new capacities and seek to achieve results.

The implementation of strategy can also be seen to be in two steps that is the development of an action plan which is a statement of what, who, when or how the actions necessary to be carried out in line with goals and objectives. The second phase consists of actions aimed at marshaling and applying resources. In context of policy changes, then the actions may consist of changing organizational structures, reclassification of personnel, establishment of new routes, procedures, tasks creation of new demands, organizing coalitions to maintain political and budgetary support and manage fit with ever changing environmental forces(Kiggundu, 1996).

Effective public managers are aware that organizations move into the future by decisions and actions not by plans. No matter how compelling or inspiring the planning process is, the strategies will not hold unless proper implementation is done through vehicles such as the budgeting process, performance management system, changes in organizational structures, programs and project management (Poister & Streib, 2008). Strategic management requires assigning implementation responsibilities for strategic initiatives to specific individuals or organizational units and holding them accountable for results. Strategic management encompassing development and implementation of strategies provides a vehicle that skilled leaders use to involve stakeholders in creating a vision, building commitments to strategic objectives and focus on organizational resources and energies in advancing a firm's strategic agenda (David, 2011).

2.4 Challenges of Strategy Implementation

The major concern in strategy implementation is to translate that strategy into action throughout an organization. Short term objectives are usually derived from long term objectives which are then translated into current actions and targets. These must be integrated, coordinated, consistent, and measurable and prioritized for organizational success in meeting its goals. Objectives, functional tactics, policies and compensation rewards represent only the start of strategy implementation hence the strategy must be institutionalized. In doing so, various challenges emerge that demand for faster identification and management to enable for success in meeting organizational objectives (Wheelen et al, 2008).

The organizational structure refers to the formal arrangement of roles and relationships of departments, sections and concerned individuals so that the work is directed towards meeting the goals and accomplishing the mission of the organization. Change in strategy often require changes in the way organization is structured because structure dictates how objectives and policies will be established and resources allocated (Sababu,2007). Structures can either be mechanistic or organic in nature. The mechanistic structures are rigid and may favor bureaucratic organizations whereas organic or flexible structures can cope easily with rapidly changing environmental factors. Several writers argue that structure follow strategy and therefore there is no perfect structure in strategy implementation. Chandler (1962) concludes that structure follow strategy hence a rigid structure will not implement strategy effectively and that successful strategy implementation depends to a large extent on the organizational structure flexibility because structure identifies key activities within the organization and the manner in which they will be coordinated to achieve the desired objectives.

The culture of an organization can be defined as the basic patterns of shared values and assumptions governing the way employees within the organization think or act on threats and opportunities. It refers to a system shared values held by members that distinguishes it from other organizations. An optimal culture is that that supports mission and strategy of an organization while diverse values supports failure of strategy implementation (Chandan, 1999). Culture can be defined as the norms of judgment, beliefs and conducts that prescribe the behavior expected of a member of a group, community, society and other social systems. The culture determinants include the organizational history,

environment, staffing process, socialization and day to day practice. The culture can be transmitted through long standing or written rules, shared standards of what is perceived to be important as well as staff behavior. The culture present in an organization can therefore reflect the strength and style of its strategic leaders (Wheelen et al, 2008).

Lack of commitment from top leadership affects strategy implementation since it involves the management of an organization to provide forethought guidance and cohesion to a group with a common mission. This means that the key to leadership is influence and reciprocal relationship between the leader and the follower in the process of attempting to achieve their mission (Sababu, 2007). Leadership is an integral part of management and plays a vital role in strategy management and must be dynamic and effective for successes of firms. It entails inspiring subordinates to perform their duties willingly, competently and enthusiastically for achievement of group objectives (Pearce et al, 2010,). The type of leadership dictates success of strategy implementation since can be autocratic, democratic or laissez-faire style. In a nutshell leaders are expected to inspire and motivate staff during the process of strategy execution (Chandan, 1999).

Communication is a key factor and refers to the process of transmitting information from one person to another through a specific channel in a given environment. It is said to be strategically complete when there is a directional reaction towards the mission that is feedback. Often there arise some communication barriers that hinder execution of strategy and these include status difference, inappropriate channels, too many intermediaries, poor supervision and individual biasness (Pearce et al, 2010). Many

organizations have failed because of inadequate communication, misunderstood messages, and unclear instructions and therefore effective communication plays an important role in the life of organizations. Proper communication eliminates delays, misunderstanding, confusion, distortion and bottlenecks and improves coordination and control (Chandan, 1999).

Resistance to change plays a big role in the process of strategy implementation. Change no matter how beneficial, is generally resented and is always difficult to implement. It cannot be denied that changes bring challenges, new experiences, new adventures, and new rewards and hence may be easier to be accepted when accompanied by favorable benefits. Resistance to change can increase in an organization because of fear of job security, lack of proper communication, rapidity and extent of change, fear loss of power and control among others. These can be managed through participation and involvement, education, negotiation and agreements for successes in meeting strategic objectives (Sababu, 2007).

Motivation is the process of influencing people as individuals or groups to accomplish specific objectives. Objectives, policies and strategies have little chance of succeeding if employees are not motivated to implement strategies once they are formulated. Motivation can be in the form of delegated authority, job security, incentives, training, fringe benefits and empowerment. Resource allocation is the central management activity that allows strategy execution. Most organizations resources revolve around financial, physical, human, technological and good will. There are some factors that hinder rational

resource allocation and these include nepotism, tribalism, organizational politics, and lack of training and managerial skills among managers (Pearce et al, 2011).

Organization working climate concerns the employees' terms and conditions of service, management supervision techniques, tools and machinery deployed and all that goes with maintenance of a willing and motivated workforce focusing on the organizations mission. Envisaged or laid down strategies would be meaningless and non-achievable if the organization has haphazard terms and conditions of service for its employees and team members of the strategy implementation process (Sababu, 2007). Basically the climate reflects a person's perception of the organization to which one belongs and influences behavior and includes factors such as job description, performance and evaluation, challenges, innovations among others (Chandan, 1999).

Power and politics influences the process of strategy implementation. Power can be defined as the possibility of imposing ones will on the behavior of others. The essence is control over other behavior. Politics on the other hand refers to the activities taken within the organization to acquire power and other resources to obtain ones preferred outcome in a situation in which there is uncertainty about choices (Chandan, 1999). Political orientations arise due to scarcity of resources, ambiguous goals, and non-programmed decisions and affect strategy implementation. Misused politics can lead to resources distributed to departments rather than rational needs.

Studies done by Sekoyo (2009) on challenges facing strategy implementation at National Social and Security Fund (NSSF) found out those factors such as organizations politics,

communication barrier, and resistance to change deterred the process of implementation. Mwangi (2009), on challenges facing implementation of strategic plan at Blue Shield Insurance Company Limited concurred with Sekoyo that communication and resistance to change in deed influenced the success and speed of implementation of strategy. Challenges of strategy implementation at Premier Cookies Limited raised issues of inadequate resource allocation and resistance to change affected the process of strategy implementation (Musyoka, 2009).

Implementation had earlier been suggested to be a question of organizational design where systems and structures are manipulated in line with strategic goals (Chandler, 1962). However in the recent times implementation is viewed as an issue of gaining prior group commitment through coalitional decision making. In the journal the five approaches to strategy implementation focused on the strategic position of the Chief Executive Officer, how organizational structure, incentive compensation, control system can be used to facilitate the execution of strategy. The third approach concentrated on group decision making, top management commitment in formulation to secure commitment and fourth is seeking to implement strategy through fusion of corporate culture throughout the organization and lastly is the use of principle urgent model.

These five key areas are potential concepts of study and management in any organization. In this respect, for effectiveness in implementation, maintaining openness of the organizational to new information, use of general strategy to guide firm's growth, manipulating structure and systems to encourage bottom-up strategy formulation and

breakdown the cleavage between thinkers and doers are fundamentally important(Bourgeois et al, 1984).

Issues that are people related making it difficult to implement strategy that is managers are trained to plan not to implement, implementation is longer than formulation to execute, implementation involve more people than formulation and top management do not see them responsible for implementation (Hrebiniak, 2005).Deloitte and Touché (2006) noted that the culprit in strategy implementation is lack of alignment of strategy with its vision, processes, people, systems and projects in a way that supports the objectives of the strategy.

2.5 Measures to Mitigate the Challenges of Strategy Implementation

Strategic responsiveness can be institutionalized within a firm through a series of related measures which jointly protect strategic work from operational, make strategic work more effective and create a change supporting climate within the firm (Pearce et al, 2010).

These measures include introducing a dual management system under which management and strategic work projects are separated from the operations control systems, basing rewards of strategic activities on encouragement, sub dividing the firms total budget into strategic operating budgets, focusing on behavior of top management on strategic development of a firm, involving all strategic managers who will be responsible for implementation, training managers in strategic management, develop strategic

language and shared strategic model of reality, putting in position of power managers with strategic mentality and drive (Ansof et al, 1990).

Matching organizational structure with strategy is one of the measures that firms can adopt in ensuring strategies are well executed. Changing strategy often requires changes in the way an organization is structured for reasons being structures largely dictate how objectives and policies are established and allows for resource allocation. Unless new or revised strategies place emphasis in the same areas as old strategies, structural orientations become part of strategy implementation (David, 2011). This is done by designing internal organizational structure around tasks and activities most critical of success of a firm's strategy and making strategic activities and organizational units as the main building blocks.

Creating a strategy supportive culture. Strategies should strive to preserve, emphasize and build upon aspects of an existing culture that supports proposed new strategies. Strategy should be identified and changed. Substantial research indicates that new strategies are often market driven and dictated by competitive forces. For this reason, changing a firm's culture to fit new strategy is usually more effective than changing a strategy to fit an existing culture. Numerous techniques are available to alter an organizations design, role modeling, positive reinforcement and mentoring. Weak linkage between strategic management and organizational culture can jeopardize performance and success (Pearce et al, 2010).

The involvement of top leadership must be highly visible and personally committed to carrying out strategic activities to ensure the implementation is well driven by overcoming pockets of doubt and disagreements, building consensus of how to proceed, securing commitment and cooperation of concerned parties and getting all implementation pieces in place (Chandan, 1999). The top leadership needs to guide the organization to deal with constant change and providing the management skill to cope with ramifications of constant change (Pearce et al. 2010).

Designing an appropriate process of communication is essential in mitigating the challenges normally experienced. Communication is deemed effective if the sender of the information develops a clear message, encodes the message, selects an appropriate and effective channel of transmission and ensures that the message is effectively received and the receiver through feedback asks questions, demand resources for strategy implementation and direct his attention to the message requirements(Sababu,2007).

Motivation pose challenge to several managers on how it can be enhanced and various theories of motivation put forth hypothesis as to how motivation occurs and identify some of the variables that induce motivation. Vroom expectancy model belief that motivation is determined by the nature of reward people expect as a result of job performance. Equity theory suggests that employees work hard if they are being treated by management fairly and equitably. Goal setting theory is based on the type of goal as well as the degree of challenge determining the degree of motivation and a logical extension is management by objective(MBO) which involves systematic and

programmatic goal setting throughout the organization.(Chandan,1999). The primary condition of any motivation at any job is that employees must like and enjoy their jobs.

Linking performance and pay strategies. Here the questions to ask are how can organizational rewards system be closely linked to strategic performance? How can decisions on salary increase, promotions, merit pay and bonuses be closely aligned to support the long term objectives of the organization? It is important that bonuses not be based on short term results because such a system ignores long term company strategies and objectives (Pearce et al, 2010). In order to cut costs and increase productivity, some companies switched from seniority based pay to performance based approaches.

Managing resistance to change. Resistance to change is considered to be the greatest single threat to successful implementation of strategic plans and occurs in the form of sabotaging work, absenteeism, delays and unwilling to cooperate. By providing a dedicated capacity through planning and budgeting as well as integrating development into change management process (David, 2011). It can emerge at any stage or level of strategy implementation and various approaches can be adopted to mitigate this challenge and this include education and communication, participation and involvement,, negotiation and agreement, manipulation and cooption, facilitation and support and finally explicit and implicit coercion(Chandan,1999).

Allocating ample resources to critical strategic activities. The main resources in organizations include physical, financial, human resources and technological resources

and it is important to note that the real value of any resource allocation program lies in the resulting accomplishment of organizational objectives and the allocation of resources alone does not guarantee successful strategy implementation because programs, personnel, controls and commitments must breathe life into the resources provided (Ansof et al, 1990).

Managing conflicts in a firm where interdependency of objectives and competition for limited resources often lead to conflict due to expectations and perceptions of individuals in the strategy formulation and implementation. For instance production and maintenance manager and marketing manager can pose conflicting goals on targets for machine maintenance and sales targets. Such conflicts are unavoidable hence their consequences affect organizational performance. Methods such as negotiations, avoidance, confrontation and defusion can be used to reduce their consequences (Johnson et al, 2008).

Human resource concerns when implementing strategies is essential in addressing several challenges that come as a result of human behavior. The process of empowering managers and employees through their involvement in strategic management activities yields the greatest benefits when all organizational members understand clearly how they will benefit when the organization does well. A well designed strategic management system can fail if insufficient attention is given to the human resource dimension that constitute the description of social and political structures, failure to match individual aptitude with implementation activities. In doing so, the organization must adopt means

such as transfers, developing leadership workshops, offering career developments, promotions, job enrichments and job enlargements (David, 2011).

The principle tasks that is required of the top management during strategy implementation includes building a capable organization with competencies, capabilities, resource strength for success, allocating ample resources to strategy on critical activities, establishing strategy supportive policies and procedures, creating a strategy supportive culture, installing information, communication and operating systems that enable company personnel to better carry out roles proficiently and matching an organizational structure to strategy by designing internal structure tasks and activities most critical to the success of firms strategy (Johnson et al, 2008).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was applied in the study. It outlines the design, data collection method and how data was analyzed.

3.2 Research Design

The research was conducted through a case study. A case study method gives an in-depth and detailed understanding of a single entity to be studied. Cooper & Schindler (2011) described a case study as a method of studying in depth rather than breadth and as a study of the social unit covering all facets. In respect of case study, efforts are made to know the mutual interrelationship of causal factors.

Case study is a powerful form of qualitative analysis provided a detailed and in depth information enabling the fulfillment of the objective of the study by yielding maximal information with minimum expenditure of time, effort and money. It involved gathering opinions and views of challenges of strategy implementation at ACFC on challenges of implementing its strategic plan.

3.3 Data Collection

For the purpose of this study, primary data was collected by use of an interview guide consisting of open ended questions tailor- made in referencing to the responsibilities of the HODs in the strategic plan. This ensured that the respondents gave as much information as possible and also provided an opportunity for the researcher to probe

further. The respondents were Heads of Departments (HODs) at Agrochemical and food Company Limited that include Human Resources Manager, Procurement Manager, Internal Audit Manager, Projects and Technical Services Manager, Works Manager ,Finance Manager, Environment Health and Safety manager, Marketing Manager and Company Secretary in order to address the main objective of the study on challenges facing strategy implementation at the firm. The method of collection was suitable due to its flexibility, detailed, gives in depth information and quantifiable.

Secondary data from ACFC such as strategic plan, company bulletins, and internal memos were also used to supplement the primary data. It is important to note that during data collection, ethics of data collection were adhered to and it included treating information given by respondents strictly confidential and that the objectivity was maintained that is researcher's opinion, assumptions, expectations and biasness remained explicit and non-intrusive.

3.4 Data Analysis

Content analysis was adopted in analyzing data collected which was qualitative in nature after edition for consistency and completeness. Content analysis is a form of qualitative analysis of data that is no empirical in nature and it is where researchers obtain detailed information about a phenomenon being studied and try to establish trends and relationships from information gathered (Cooper & Schindler, 2011). Further to the above the method measures the systematic content or what aspect of a message. Its breadth makes it a flexible and wide ranging tool that may be used as a stand-alone

methodology or as a problem- specific technique. Therefore it is described as a research technique for the objective, systematic and quantitative description of the manifest content of a communication.

Both the primary and secondary data were analyzed and information obtained regarding the objective of the study, edited and coded to allow for content analysis. Emphasis was given to the existence of certain concepts that were determined by the presence and frequency of certain words or phrases emanating from the interview. The analysis was done by comparing collected data with theoretical approaches and documentations cited in the literature review. Data comparison was then done from the respondents to get more revelations on the issue under study. In all cases, the researcher treated evidence fairly to produce analytical conclusions answering the critical how and what the research questions.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the data analysis, findings and discussions on the data collected. The focus was on challenges of strategy implementation at ACFC and measures put in place to mitigate the identified challenges. The major challenges were then pointed out. Using content analysis, eight concepts were focused on and conceptual interpretation of various aspects done and examined and conclusions drawn. Relevant secondary data were utilized to validate the concepts. The respondents in this case were HODs at Agrochemical and Food Company Limited. These were the responsible functions for the strategy execution that were to ensure that the formulated strategies were well implemented. They were thus very resourceful in providing information regarding the organizations strategic plans, implementation and challenges they face during implementation of the plans.

All the respondents were aware of the existence of the strategic plan of 2009/2010-2013/2014 covering a period of five years and all affirmed that plans were underway for its review before June 2014. They all unanimously agreed that five year plan is a long term, long focus hence management have a chance to have broader objectives and focusing organization's resources in attaining the same.

4.2 Challenges of Strategy Implementation at Agrochemical and Food Company

The complementarity of the departmental and overall organizational strategies was an area being investigated. All the interviewees unanimously confirmed that they have departmental strategic plans which are curved out of the overall organizational strategies. The departments formed centers of operation for the implementation of the plans. The departmental strategies were designed to help the departments focus more clearly and aggressively towards attainment of some specific departmental goals which finally contributes to the broader organizational objectives. They concurred that specific departmental strategies are complementary to the overall organizational strategies hence harmonious and supportive of each other as they are designed to help the department contribute effectively towards attainment of the organizational strategies.

Most of the departments had annual objectives as these are the basis for resource allocation, primary mechanism for evaluating managers' performance through annual performance contracting and also forms the major instrument for monitoring progress towards achieving long term objectives and establish organized departmental priorities. Considerable effort and time should be devoted to ensuring that annual objectives are conceived, consistent with long term objectives and supportive of strategies to be implemented.

The organizational structure can be defined as the formal arrangements of roles and relationships towards meeting the set goals by enhancing the economic and efficient

performance through equitable human resource utilization and monitoring the organizations programmes and activities. For ACFC to deliver on its core business and realize its strategic objectives, it required an appropriate structure hence slight modifications were proposed upon completion of the anticipated privatization of the firm, an assumption that has not taken place according to their strategic plan. In the same line two departments were to be created that is research and development and monitoring and evaluation units. Lack of the monitoring and evaluation unit in their structure led to lack of timely reviews of the progress of the strategic plan hence no appropriate corrective actions at times of deviations.

The company has adopted functional structures (centralized) handled by various departments such as marketing, production, engineering, and procurement among others as focused units in the implementation process. This has promoted specialization of labor, efficient use of skills and rapid decision making. However functions tend to put less emphasis on the key issue of customer focus. For complex strategic projects being undertaken in the company cross cutting various departments in terms of its activities, matrix structure was adopted and this has facilitated the use of specialized skills, personnel, equipment and facilities though it also came with challenges such as split in loyalties and reporting styles which need to be dealt with.

The interviewees were asked to determine whether the organization culture supported strategy implementation and if not then what measures were in place to mitigate the challenges. The culture of the organization can be defined as the basic patterns of shared

values and aspirations by employees. The culture present in an organization reflects the strength and style of strategic leadership. ACFC had its core values that include producing quality products, provide utmost customer care, professionals, equity and integrity according to their strategic plan. Most of the interviewees unanimously agreed that the staff showed total commitment, loyalty and perform tasks to the expectations of management due to values developed from the adopted culture.

The organization adopted culture of good reward system, promotions and merits which have developed positive culture. The staffing process has viewed issues like tribes, race, and nepotism as destructions to reinforcement to positive cultures and the organization has put great emphasis on equal employment to all and considering regional balance in employment and currently 56% are those within the locality and 44% are from the other parts of the country. According to the human resources manager, in enhancing the organizational culture, the organization focused on team building activities, departmental games, housekeeping rewards, get together parties, prayer days where staff come together and forge on common goals in reinforcing a positive culture that supports strategic management. The ceremonies and events put in place recognize individuals and teams contributions and this enhance the pace at which strategic changes are executed.

In the contrary, the interviewees also reiterated that some old cultures are hard held though have negative impact on the process of strategy implementation as staff become resistant and repulsive partly due to the old conservative public service culture. A new paradigm shift needs to be introduced to disabuse the staff of the notion of not wanting to

be part of the unknown and appreciate and participate in the formulation and implementation of new strategies. It is important to note that strategies are market driven and are dictated by market forces for this reason changing a firm's culture to fit a new strategy is usually a more effective process and various techniques can be adopted that include trainings, transfers, promotions, role modeling, mentoring and positive reinforcement among others.

Communication can be defined as the process of transmitting information from one person to another through specific channels in a given environment. It is said to be strategically complete when there is a directional reaction towards the mission or a feedback. In organizational set up and the time of strategy implementation, communication usually flows in three directions that are downwards, upward and lateral. ACFC has to a large extent adopted a downward direction where information flows from top management to the junior staff in the form of transfers, instructions, promotions, warnings through bulletins, circulars, notices and reports. However upward communication is least adopted where implementers at the lower cadre can communicate to their ideas, suggestions, comments and complaints to their seniors on challenges of strategy implementation. Both the channels are essential as networking is the focal point in an organization as all positions during the process of strategy implementation are important and if well-developed facilitates the process of meeting the strategic intent.

Some barriers such as biasness, status difference could be seen to hinder the flow of strategic information and the company in an attempt to address this adopted a web based

communication channels to MS Outlook where information can freely be sent and received. The adoptions of centrally placed notice board where performance and targets are outlined are also in certain departments. Strategy is formulated by top management but expected to be owned and implemented by all staff. This necessitates that clear communication from top about the content of the formulated strategic plans, the set targets, timelines and the implementation procedures be explicitly outlined and communicated and disseminated through seminars, workshops and consultative meetings in ensuring participation and involvement of all executers in strategic plans for successful implementation.

Leadership provides forethought guidance, cohesion to a group with a common mission. It inspires, motivates, trains and must be focused, ethical and people oriented in executing original strategies. The interviewees were asked on their role and the role of top management in strategic implementation. They concurred that they were the ones responsible for monitoring and evaluation of the implementation of the strategies especially on tasks that they delegated to their juniors. The board of directors was left with role of authorizations of financial resource utilization especially for major projects, midterm reviews of strategies and rewarding achievers. One area that did not come forth according to the interviewees was the review of the progress of the strategic plans as this could have allowed of changing certain objectives that relied on assumptions that were not forthcoming such as privatization of the firm. The paramount importance of leadership is its effectiveness, which can be achieved through participation by all and

their capability of viewing an organization as an open system that required its strategies to be continually reviewed.

Resistance to change was one of the elements that were being investigated as a challenge of strategy implementation at ACFC. The respondents were asked to clarify whether resistance to change has been on the rise during the process of implementation of strategic plans and measures taken to minimize the impact of the resistance. Resistance to change occurs when there is departure from historical behavior, culture and power structure and affects the change process by delaying its beginning, hindering its implementation and increasing costs. All the respondents concurred that indeed resistance to change was a threat to the process of strategy implementation and the main two types include systemic resistance that is caused by factors like the organizational culture, organizational design, resource limitation and fixed investments leading to high switching costs. Efforts by the company to minimize these through provision of dedicated capacity through planning and budgeting and integrating management development into change processes bore some fruits. Behavioral resistance on the other hand arose due to distorted perception, interpretation barriers, and vague strategic priorities, threat of job status, competing commitments and communication barriers.

According to the respondents, the company focused a lot on education and communication as well as participation and involvement to ensure change in behavior. In nutshell, resistance to change is common in ACFC according to the respondents due to the desire of the status quo and systemic issues such as resources limitations and fixed

investments. It can be considered to be the most single threat to successful strategy implementation and can be seen the form of sabotaging process machines, absenteeism, filing unfounded grievances and unwilling to cooperate. The marketing manager said “Change need to be viewed as an opportunity rather than a threat by managers and employees”.

Resource allocation is the central management activity that allows strategy execution. The main types of resources include financial, physical, human and technological resources. The respondents were asked whether the resources were adequate for the process of strategy implementation and if there are factors hindering rational resource allocation and measures taken to ensure that resources are rationally allocated.

The Works manager concurred that resources were actually scarce for implementation of due projects hence in most cases projects were being done in phases due to financial constraints especially those planned to be done using internally generated funds hence surpassing the expected timelines. Technological resources had its own challenges whereby for certain complex tasks, the scope of work were not well defined hence delays in tasks completion, incidences of lack of knowledge resulting in shoddy jobs resulting in repeating of tasks hence costly and not meeting deadlines. However the available resources such as cars were allocated on need basis and the human resources were appointed to form a matrix structure to enable completion of complex tasks.

Motivation is the process of influencing people to accomplish a task. This can be achieved through delegated authority, job security, incentives, training and

empowerment, fringe benefits, clear objectives and good employee welfare scheme. The respondents were asked how they were motivating their staff and how they are rewarded during the process of strategy implementation. In their view, the company focused on job satisfaction by delegating authority, job security, trainings, empowerment and clear objectives. They noted that the company has not put in place a reward system for the strategy implementers and noted that strategies rarely succeed if the implementers are not motivated and that the various categories of personnel requires varied suitable motivation factors. According to the manager in charge of performance contracting, ACFC has adopted the use of annual performance contract as a tool of measuring performance and rewards done to all employees in line with the extent of success of implementation of strategy though this has not been synchronized.

Power and politics are key aspects of strategy implementation because they can enable managers to be proactive and to influence rather than being dominated and manipulated by external events. Organizational politics is a process by which differing interests reach accommodations that relate to the dispositions and use of power and influence behavior which is not prescribed by the organizational policies. Most of the respondents could not find out whether or not power and politics had influence on the process of strategy implementation and in most cases organizational politics is seen on the rise in organization when there are interdependencies, scarcity of resources to execute strategy, different goals and beliefs and personalized career objectives.

Bureaucratic procurement procedures were cited by all the respondents as another challenge arising during the implementation process. These cause delays in purchasing of materials for use in execution of projects and procuring technological providers. This therefore requires delegating levels of authorizations of certain amounts of funds to HODs for quick purchases to reduce the delays and gaps in meeting strategic plans in time.

Lack of specific trainings and development of staff on issues of strategic plan and its implementation especially on technical issues for instance in enhancing capacity to cope with emerging ICT developments like cybercrimes. Lack of proper review and control of the strategic plans by the organization hence extent of work done is not gauged. For instance projects which failed at the pilot testing are noticed at the end of five years without evaluation or adopting the existing alternatives especially on developing sweet sorghum as the alternative raw material for molasses.

Over reliance on external consultancies instead of instituting the research and development and monitoring and evaluation units to steer the strategic plans especially on technical issues since there is loss of control and results of certain developments are below the expectations since these units will generate progress reports on implementation and disseminate the findings to the centers of operations.

Government policy and legislations on product distribution, marketing and taxation has led to low sales and the anticipated plant expansion has no merit. Major assumptions did not work and not reviewed for instance in an attempt to strengthen the financial resource base of the company, the process of privatization leading to restructuring of company balance sheet to ensure profitability operations did not take place due to GOK pending work from the political influence hence affected the execution of the strategy.

4.3 Measures to Mitigate the Challenges of Strategy Implementation

Strategy implementation is concerned with the design and management of systems to achieve the best integration of people, structure, processes and resources in reaching an organization purposes. Critical considerations include nature of strategy implementation task, building core competencies and matching structure to the structure. ACFC in its attempt to achieve the objectives of its strategic plan put in place certain measures to mitigate the challenges of the implementation process.

In an attempt to mitigate the challenges posed by the organizational structure, the company defined the tasks to be executed in the strategic plan and then assigned responsibilities to various departmental heads based on the type of skills required for the task and this promoted specialization of labor, efficient use of skills and rapid decision making. For complex tasks, a matrix structure was adopted to ensure a mix of skills is harnessed in meeting the set goals. In some cases expatriates were recruited to perform tasks on contractual basis being supported by employees from different departments

across the organizations to give quick guidance a case in the multimillion extra neutral plant, rotary vacuum filter and yeast plants.

Hard held negative cultures influenced the pace of strategy implementation and as a mitigating measure, the organization kept on sensitizing its staff on its core values which include professionalism, integrity and equity. Certain culture such as good reward system, promotions and merits were in place though not explicitly linked to strategic performance. The organization enhanced positive culture by focusing on team building activities, departmental games; get together parties and prayer days where strategic intentions and progress are shared.

In communicating strategic objectives, the organization realized that effective communication is key in executing any task and has employed a mix of communication channels such as use of suggestion boxes, boards where targets are recorded as well as web based communication to reduce several intermediaries in communication. Installing information, communication and operating systems that enable company staff to better carry out their strategic roles proficiently through increased usage of digital communication by installing more versatile software for both internal and external mails enabling seamless flow of information enhancing flow of strategic information.

Leadership involvement had its own shortcomings that the organization ought to have looked into. Though all the HODs agreed that they were fully in charge of the strategy implementation, their participation in continuous reviews were wanting and inadequate

hence timelines for certain strategies could get them by surprise and even unworkable projects were not timely reviewed and alternative options adopted for certain tasks.

In mitigating resistance to change, the respondents agreed that there are two types that is systemic resistance that is caused by factors such as resource limitation, organizational design and fixed investments and these were minimized through provision of dedicated capacity through planning and budgeting and integrating management development into change process. The behavioral resistance caused by factors like interpretation barriers, threat of job status made the company to focus on participation, involvement and communication. The organization embarked on participation and involvement for commitment and use of relevant information they have to be integrated in change management. The use of education and communication for those who lack information or have in accurate information for intended objectives of the strategies further attempted to reduce resistance to change.

Resource allocation was another challenge as it was unanimously confirmed by the respondents that financial resources are usually scarce, the allocation of available financial needs were budgeted for , human resources were selected to form teams for strategic intentions while physical resources though limited was allocated on actual needs The resources being allocated to strategic critical activities through building a capable organization through selection of able people in key positions, developed skills, core competencies and creating strategy supportive organization.

The company on its own did not put in place a reward system for strategy implementers though the adoption of performance contracting tool from the government of Kenya as a management tool to help public sector executives and policy makers to define responsibilities and targets between the contracting parties to achieve common mutually agreed goals enabled the staff to be more motivated and worked harder in expectation for annual rewards and meeting those objectives that are curved out from the strategic plan.

4.4 Discussion

Strategy implementation process is the translation of strategic thought into action. This translation is much easier if managers and employees of a firm understand the business, feel part of the company and through involvement in strategy formulation activities and have become committed to helping the organizational success. Without understanding the commitment, strategy implementation efforts face major challenges. The transition from strategy formulation to implementation requires a shift in responsibilities from strategies to divisional and functional managers. Implementation challenges arise if strategy formulation decisions come as a surprise to middle and lower managers. ACFC is no exception in this challenge as cited in the literature review since managers and employees are motivated more by perceived self-interests than by organizational interests unless the two coincide. Therefore the company focused more in staff participation and involvements in ensuring strategic plans are well executed.

Resource allocation is the central management activity that allows for strategy execution and it's during strategy implementation that resources are allocated according to established annual objectives. ACFC like any other organization have the main four types of resources that is financial, physical, human resources and technology. These resources form the firm's specific capabilities and assets and are the fundamental determinants of performance as the resource based view theory suggests and hence can be sources of competitive advantage. Allocating these resources does not mean that strategies will be implemented successfully since there are a number of factors that commonly prohibit effective resource allocation and include overprotection of the resources, organizational politics and vague targets. The company recognizing that these resources are scarce ensures rational allocation through planning and budgeting and allocating the resources to strategic critical activities. Resource allocation is a key challenge as cited in the literature review and empirical studies by Lutta(2010) and Mundia(2010).

In terms of the organizational structure, the organization relied on functional structure in executing its strategic plans as this favored decentralization, improved accountability and rapid decision making. It is important to note that structure undeniably can and does influence strategy implementation as it identifies key activities within the organization and the manner in which they will be coordinated to implement the strategic plan. Therefore it could be reinforced that matching structure with strategy is essential as a successful strategy implementation to a large extent depends on the organizational structure. In delivering its core business and realize its strategic objectives, the company proposed inclusion of research and development and monitoring and evaluation units to

facilitate the execution of its tasks. This was not done hence short term reviews were not adequately carried out hence no appropriate corrective actions at times of deviations. This was hence a big challenge as cited in the literature review since the monitoring and evaluation departments would have enabled full execution of the strategies.

People form strong attachment to legends, heroes, the rituals of daily lives, ceremonies and events at work place. Change strips relationships and leaves employees insecure and confused if not well managed and unless something is done to provide support for transition from old to new, the force of a culture can neutralize and emasculate strategic changes. It is important to note also that cultures are times dynamic and modern organizations are moving towards democratic and scientific cultures and sooner or later these mini organizational cultures will be absorbed towards the global cultures. The organization adopted culture of good reward system, promotions and merits which have developed positive culture.

The staffing process has viewed issues like tribes, race, and nepotism as destructions to reinforcement to positive cultures and the organization has put great emphasis on equal employment to all and considering regional balance in employment and currently 56% are those within the locality and 44% are from the other parts of the country. In enhancing the same, the organization focused on team building activities, departmental games, housekeeping rewards, get together parties, prayer days where staff come together and forge on common goals in reinforcing a positive culture that supports strategic management. The ceremonies and events put in place recognize individuals and teams

contributions and this enhance the pace at which strategic changes are executed. The challenge was essentially common in ACFC though measures put in place by the respondents possibly mitigated its negative effects.

In the contrary, the interviewees also reiterated that some old cultures are hard held though have negative impact on the process of strategy implementation as staff become resistant and repulsive partly due to the old conservative public service culture. A new paradigm shift needs to be introduced to disabuse the staff of the notion of not wanting to be part of the unknown and appreciate and participate in the formulation and implementation of new strategies. It is important to note that strategies are market driven and are dictated by market forces for this reason changing a firms culture to fit a new strategy is usually a more effective process and various techniques can be adopted that include trainings, transfers, promotions, role modeling, mentoring and positive reinforcement among others. The McKinsey 7s Framework that comprises of soft elements as in the literature review of shared values, style, staff and skills clearly is explained by the fact that these success criteria of excellence are essential in the process of strategy implementation.

A strategic leader must be capable of exploiting new opportunities and creating enabling environment for the followers to participate towards the mission by providing a forethought, guidance and cohesion to the followers. ACFC HODs heartily agreed that they were responsible for the implementation of the strategic plan and the board and chief executive officer were responsible for resource allocation and reviews of the plan.

However as described in the literature review, little is done by the leaders in an attempt to inspire and motivate staff on issues of strategy implementation hence possess more challenges.

Communication being the process of transmitting information from one person to another through specific channels in a given environment. Strategy is formulated by top management but expected to be owned and implemented by all staff. This necessitates that clear communication from top about the content of the formulated strategic plans, the set targets, timelines and the implementation procedures be explicitly outlined and communicated and disseminated through seminars, workshops and consultative meetings in ensuring participation and involvement of all executers in strategic plans for successful implementation. In organizational set up and the time of strategy implementation, communication usually flows in three directions that are downwards, upward and lateral.

ACFC has to a large extent adopted a downward direction where information flows from top management to the junior staff in the form of transfers, instructions, promotions, warnings through bulletins, circulars, notices and reports. However upward communication is least adopted where implementers at the lower cadre can communicate to their ideas, suggestions, comments and complaints to their seniors on challenges of strategy implementation. Both the channels are essential as networking is the focal point in an organization as all positions during the process of strategy implementation are important and if well-developed facilitates the process of meeting the strategic intent. It is

therefore a challenge as in any situation, ineffective communication results of conveying the desired results of the message.

Resistance to change occurs when there is departure from historical behavior, culture and power structure and affects the change process by delaying its beginning, hindering its implementation and increasing costs. All the respondents concurred that indeed resistance to change was a threat to the process of strategy implementation and the main two types include systemic resistance that is caused by factors like the organizational culture, organizational design, resource limitation and fixed investments leading to high switching costs. Efforts by the company to minimize these through provision of dedicated capacity through planning and budgeting and integrating management development into change processes bore some fruits. Behavioral resistance on the other hand arose due to distorted perception, interpretation barriers, and vague strategic priorities, threat of job status, competing commitments and communication barriers.

According to the respondents, the company focused a lot on education and communication as well as participation and involvement to ensure change in behavior. In nutshell, resistance to change is common in ACFC according to the respondents due to the desire of the status quo and systemic issues such as resources limitations and fixed investments. It can be considered to be the most single threat to successful strategy implementation and can be seen the form of sabotaging process machines, absenteeism, filing unfounded grievances and unwilling to cooperate. Change need to be viewed as an opportunity rather than a threat by managers and employees. Therefore as in the literature

review , resistance to change is a serious challenge during the process of strategy implementation as people tend to fear the unknown.

During the interview, the respondents other challenges that they experience during the process of strategy execution: Bureaucratic procurement procedures were cited by all the respondents as another challenge arising during the implementation process. These cause delays in purchasing of materials for use in execution of projects and procuring technological providers. This therefore requires delegating levels of authorizations of certain amounts of funds to HODs for quick purchases to reduce the delays and gaps in meeting strategic plans in time.

Lack of specific trainings and development of staff on issues of strategic plan and its implementation especially on technical issues for instance in enhancing capacity to cope with emerging ICT developments like cybercrimes was another challenge. In adequate review and control of the strategic plans by the organization hence extent of work done is not gauged. For instance projects which failed at the pilot testing are noticed at the end of five years without evaluation or adopting the existing alternatives especially on developing sweet sorghum as the alternative raw material for molasses. Over reliance on external consultancies instead of instituting the research and development and monitoring and evaluation units to steer the strategic plans especially on technical issues since there is loss of control and results of certain developments are below the expectations since these units will generate progress reports on implementation and disseminate the findings to the centers of operations.

Government policy and legislations on product distribution, marketing and taxation has led to low sales and the anticipated plant expansion has no merit. Major assumptions did not work and not reviewed for instance in an attempt to strengthen the financial resource base of the company, the process of privatization leading to restructuring of company balance sheet to ensure profitability operations did not take place due to GOK pending work from the political influence hence affected the execution of the strategy. The organization is in constant interaction with environment where it operates as the open system theory suggests hence constant evaluation is essential for effective strategy implementation. It also important to note that the respondents could not find any challenges posed by power and politics during the interview and hence it can be concluded that power and politics did not influence to a noticeable extent the process of strategy implementation.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary, conclusions and recommendations of the study. The conclusions are made on the basis of the objectives of the study.

5.2 Summary of Findings

The study was designed with the purpose of identifying and establishing the challenges facing ACFC in implementing its strategic plan and measures taken by the organization to address these challenges. From the interviews that were done with the HODs in ACFC with the aid of an interview guide disclosed that the organization is in no exception of facing various challenges with regard to strategy implementation key among them is resistance to change, resource allocation, organizational structure and communication. In addition to the internal factors, external business environment and other management issues equally affected the performance in terms of strategy implementation and these include technological requirements, legislations and government policies. The study further found out that the organization responded to some of these challenges in various ways that include sensitization of staff on the organizational plans, participation and involvement during formulation and implementation for strategy.

5.3 Conclusion

Successful strategy formulation does not at all guarantee successful strategy implementation. Successful strategy implementation requires the support of as well as discipline and hard work from motivated managers and employees. The key challenges in the study include resistance to change, in appropriate organizational structure and resistance to change. Management issues considered central to strategy implementation include matching organizational structure to strategy, linking performance and pay to strategies, creating an organizational climate conducive to change, managing resistance to change, managing the human resource and effective communication among others as established in the case of ACFC. Establishing clear objectives and allocating ample resources to strategic activities are essential to the process of strategy implementation.

5.4 Recommendations for Policy and Practice

The study is valuable to the management of ACFC, the government, researchers and the public at large. The facts, findings and discussions are essential for researchers and academicians in theory building and showed that there are several challenges not limited to resistance to change, inadequate organizational structure, poor communication and resistance to change that mitigate against strategy implementation and also pointed out measures already put in place to overcome these challenges.

In policy formulation, this study demonstrates to the government and other public corporations that strategy development and implementation is a reality and has its challenges that impact on performance of organizations.

In practice the management of ACFC adopts a proactive approach to strategy implementation as opposed to delayed reaction to internal and external environmental dynamics for it to deliver world class products that create great value to its customer.

5.5 Limitations of the Study

One of the challenges faced during data collection was getting interview sessions with the HODs of the organization. These were very senior managers with a lot of work load on their daily schedules and were faced with requirements to attend various meetings. Procuring an appointment with some of them was a challenge but generally they were very supportive and willing to co-operate.

Limitation in the methodology: Since this study focused on one company that is case study, it limits its applicability hence the findings cannot be used to generalize the situations in other set ups.

Contextual limitation: Each implementation situation occurs in different context affected by different factors such as firm history, business practices, policies and compensation; hence approaches to implementation should be customized.

5.6 Suggestions for Further Research

The study concentrated on the challenges facing ACFC during the implementation of the strategic plan and measures taken to reduce the challenges. The effectiveness of these measures in addressing these challenges has not been ascertained conclusively and can be a potential area for further research.

There is also a gap in study on comparison of company performance in terms of productivity and profitability and the extent of strategy implementation of the strategic plans and hence cause of sustained competitiveness.

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APPENDICES

APPENDIX I: Interview Guide

The information gathered in this interview will be solely used for academic purposes only and will be confidential

SECTION A: ORGANIZATIONAL BIO DATA

1. Which sector does this organization belong to?
2. How many employees are there in the organization?
3. Please, what position do you hold in ACFC and the department that you work in.
4. Are you aware of the ACFC strategic plan 2009/2010-2013/2014?
5. Do you have the departmental strategic plans?
6. To what extent is your departmental strategies complementary to the overall organizational strategic plans
7. How do you rate your performance in meeting the objectives of the ACFC strategic plan 2009/2010-2013/2014 as a percentage?

SECTION B: CHALLENGES OF STRATEGY IMPLEMENTATION

1. In your opinion does the organizational structure support the implementation of strategic plans? If yes, briefly explain and point out the type of structure being adopted in ACFC.

2. Does the organization culture influence the implementation of strategic plans? If yes, state how and cite likely forms of adopted cultural orientations that support strategic plans in ACFC.
3. How strategies are communicated within your organization and are the adopted modes effective? Are there some barriers that hinder the communication process?
4. Who is responsible for strategy implementation in your department? What role do you play in the process of strategy implementation and to what extent does the CEO and the BOARD get involved in the process of your strategy implementation?
5. Has resistance to change been seen to be on the rise during implementation of radical strategies in ACFC? Briefly give examples
6. During strategy implementation, how do you ensure that your staff is motivated? Are you also rewarded or recognized for your role in successful implementation of strategic plans?
7. Are resources adequate for the strategy implementation plans? If yes, give examples. Are there factors that hinder rational resource allocation in your department?
8. How does politics and power influence the implementation of strategy in ACFC?

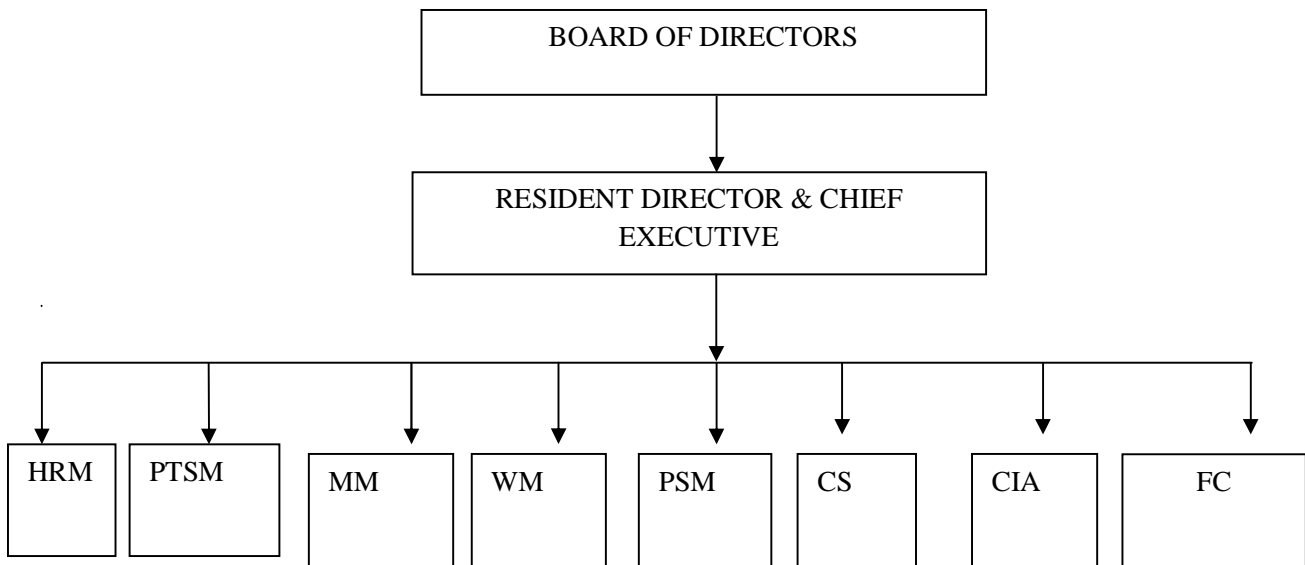
SECTION C: MEASURES TAKEN TO MITIGATE THE CHALLENGES

1. What measures are in place to overcome the organizational structural challenges to ensure strategic plans are well executed?

2. What measures are put in place to ensure that an optimal culture is developed and adopted to support strategy implementation?
3. What measures are put in place to ensure that strategies are effectively communicated to support strategy implementation?
4. What measures are in place to manage resistance to change in implementing strategy?
5. What measures are in place to enhance staff morale in implementing strategic plans?
6. What measures are in place to ensure rational resource allocation and availability for strategic plans?
7. What measures are in place to ensure politics and power positively influences the implementation of strategic plans?
8. What measures are in place to enhance top management involvement in executing strategic plans?

SECTION C: In brief are there any other challenges you encounter in the process of executing your strategic plans and what measures have you put in place to mitigate the challenges (This can be answered in line with the ACFC strategic plan 2009/2010-2013/2014).

APPENDIX II: Organizational chart



WHERE:

HRM- Human Resources Manager

PTSM-Project and Technical Services Manager

MM-Marketing Manager

WM-Works Manager

PSM-Purchase and Suppliers Manager

CS-Company Secretary

CIA-Chief Internal Auditor

FC-Financial Controller