

**CHALLENGES OF STRATEGY IMPLEMENTATION BY
EAST AFRICAN PACKAGING INDUSTRIES IN KENYA**

BY:

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DECLARATION

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

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

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To all of you I say thank and God bless.

DEDICATION

This research project is dedicated to my parents Moses Omusotsi Keya and late mother Alice Abuko Keya who believed that I had the potential to excel academically at a very tender age when I did not know my potential. Their inspiration propelled me to this level.

ABSTRACT

According to Crittenden and Crilfenden (2000), strategic planning is the process undertaken to develop a range of steps and activities that will contribute to achieving the organizational goals and objectives. Implementing strategies successfully is vital for any organization, either public or private. Without implementation, even the most superior strategy is useless. Organizations seem to have difficulties in implementing their strategies. Researchers have revealed a number of problems in strategy implementation: e.g. weak management roles in implementation, a lack of effective communication, lack of commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors . This study therefore, sought to fill the gap by carrying out a research on challenges of strategy implementation in manufacturing sector. What are the challenges faced by East African Packaging Industries in strategy implementation? This was a case study since the unit of analysis was one organisation. The researcher used both primary and secondary data. Primary data was collected using self-administered interview guide while secondary data was collected by use of desk search techniques from published reports and other documents. The content analysis was used to analyse the respondents' views about the challenges of strategy implementations at East African Packaging Industries. From the findings, it was established that that the key issues that East African Packaging Industries considered in its strategy formulation and implementation were; establishing sound mechanisms for directing activity and behaviour, using effective communication systems, and adoption of appropriate strategic and management controls. The study found out that the strategy implementation in East African Packaging Industries is moderately effective and therefore have existing gaps created by challenges faced in strategy implementation that require to be addressed to enhance the effectiveness of strategy implementation. The study found out that the factors that determined success were; strategic market segmentation, understand competitor's strengths and weaknesses, respond to customer's needs and wants, efficiencities through e-commerce/technology, reliable delivery, strong service, solid sales and support staff, reduces costs, operates lean, and utilize employees strategically. The study found out that the persons responsible of strategic management process in East African Packaging Industries were the top managers in the corporate level, business level, functional level, dynamic level and operational level. The study revealed that organizational culture affected the strategy implementation in the organization through; ignoring the day-to-day business imperatives, poor leadership style of managers, the dominant values and beliefs, and norms not being productivity driven, lack of understanding of strategy implementation, customers and staff not fully appreciating the role of strategy implementation towards organizational growth.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

According to Crittenden and Crilfenden (2000), strategic planning is the process undertaken to develop a range of steps and activities that will contribute to achieving the organizational goals and objectives. Strategic planning is a management tool used to turn organizational dreams into reality. Strategic planning attempts to systematize the processes that enable an organization to attain its set goals and objectives. There are five general steps in the strategic planning process: goal/objective setting, situational analysis, and consideration of alternatives, implementation and evaluation (Crittenden and Crilfenden, 2000).

The value of any strategy and its potential contributions include increasing productivity, reducing costs, growing profits, and improving service or product quality (DeWit and Meyer, 2004). Implementing strategy would thus be perceived as being about allocating resources and changing organizational structure. The implementation process involves the collective wisdom, knowledge, and even subconscious minds of the collaborators. This powerful phenomenon is becoming a requirement to effectively compete in today's global marketplace.

According to Fiegner (2005), implementing strategies successfully is vital for any organization, either public or private. Without implementation, even the most superior strategy is useless. The notion of strategy implementation might at first seem quite straightforward: the strategy is formulated and then it is implemented. Implementing

would thus be perceived as being about allocating resources and changing organizational structure. However, transforming strategies into action is a far more complex and difficult task. It is believed that in reality some strategies are planned and some strategies just emerge from the actions and decisions of organizational members. Planned strategy and realized or emergent strategies evolve hand-in-hand and affect each other in the process of strategy implementation, where strategies are communicated, interpreted, adopted and enacted (Noble, 2006). Implementing strategies successfully is about matching the planned and the realized strategies to reach the organizational vision.

1.1.1 Strategy Implementation

Strategy implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. The environmental conditions facing many firms have changed rapidly. Today's global competitive environment is complex, dynamic, and largely unpredictable. To deal with this unprecedented level of change, a lot of thinking has gone into strategy formulation. Strategic management is about managing the future, and effective strategy formulation is crucial, as it directs the attention and actions of an organization. The assessment of strategy formulation processes becomes crucial for practitioners and researchers alike in order to conduct and evaluate different formulation processes (Olson et al. 2005).

In recent years organizations have sought to create greater organizational flexibility in responding to environmental turbulence by moving away from hierarchical structures to more modular forms (Balogun and Johnson, 2004). Responsibility, resources and

power in firms has been the subject of decentralization and delaying. Given an intensifying competitive environment, it is regularly asserted that the critical determinant in the success and, doubtlessly, the survival of the firm is the successful implementation of marketing strategies (Chebat, 2006). The role and tasks of those employees charged with strategy implementation duties, the mid-level managers, in these new restructured organizations is under scrutiny.

1.1.2 Challenges of Strategy Implementation

Organizations seem to have difficulties in implementing their strategies. Researchers have revealed a number of problems in strategy implementation: e.g. weak management roles in implementation, a lack of effective communication, lack of commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors (Alexander, 1991; Giles, 1991; Galpin, 1998; Lares-Mankki, 1994; Beer and Eisenstat, 2000).

In addition Predi (1998), also noted that the strategic implementation process is not without challenges. Some of these challenges emerge from within the organization like resource constraints; how competent the organization is to effectively and efficiently undertake strategic planning- This calls for the organization to look to their internal resources for sources of competitive advantage. Some of the challenges emerge from the external environment like rapid change of technological innovations. Here the organization has to be agile and flexible in terms of both strategic planning

and structure. Challenges to strategy implementation process must be identified and addressed as they can hinder even the best strategy from being implemented successfully.

Implementation of strategies can be faced by certain challenges, which may hinder the effectiveness of firms in utilization of strategies identified and employed. Three types of strategic challenges have been identified that may hamper a firm's ability to grasp new opportunities: they require massive amounts of resources, and the regulatory issues imposed by the government and the ability of company owners and managers. Other challenges may arise from structural and economic barriers inherent in the industry. The real challenge in implementation of a generic strategy is in recognizing all support activities and putting them in place correctly. According to Thompson and Strickland (2007) the most important fits are between strategy and organization capabilities, between strategy and reward structures, between strategy and internal support systems and between strategy and organization culture. Fitting the organization internal practices to what is needed for strategic success helps unite the organization behind the accomplishment of a strategy.

Wessel (2003) stated clearly that most of the individual barriers to strategy implementation that have been encountered fit into one of the following interrelated categories: too many and conflicting priorities, the top team does not function well; a top down management style; inter-functional conflicts; poor vertical communication, and inadequate management development. These categories can be translated into the following problems: competing activities distracted attention from implementing this decision, changes in responsibilities of key employees were not clearly defined, key

formulators of the strategic decision did not play an active role in implementation and problems requiring top management involvement were not communicated early enough.

Further, Eisenstat (2003) indicated that most companies attempting to develop new organization capacities stumble over these common organizational hurdles: competence, coordination, and commitment. These hurdles can be translated into the following implementation problems: coordination of implementation activities was not effective enough, capabilities of employees were insufficient, training and instruction given to lower level employees were inadequate and leadership and direction provided by departmental manager were inadequate.

1.1.3 Manufacturing Industry in Kenya

The manufacturing in Kenya sector is mainly agro based at the moment and plays an important role in adding value to agricultural output by providing forward and backward linkages with agricultural sector. However, there is a shift to export oriented manufacturing as the main thrust of Kenya's industrial policy since the country aims to raise the share of products in the regional market from 7% to 15 % and develop niche products for existing and new markets.

Kenya is promoting development of Special Economic Zones (SEZs), Industrial Parks, Industrial Clusters, promotion of small and medium scale manufacturing firms, development of niche products, and commercialization of research and development results.

The manufacturing sector is a major sector of growth in Kenya, with its share in GDP having risen from 13 percent in 2002 to 15.7 percent in 2007. Kenya, as the most politically stable country in East Africa, has attracted a large number of investors who now thrive in many sectors of manufacturing.

The manufacturing sector in Kenya comprises of more than 700 established enterprises and employed over 218,000 people in 2000. Kenya exports mainly to East Africa and COMESA markets. According to the Economic Recovery Strategy for Employment and Wealth Creation Report, the manufacturing sector in Kenya is a major source of growth, with still high potential of growth and investment.

Some key Kenyan manufacturing sub-sectors include galvanized iron sheets, cement, cigarettes, beer and wheat flour. All of these have increased in production between 2003 and 2005; particularly cement which has always been a good indicator of economic activity. On the consumer goods side, products manufactured locally include stationery and grooming products.

1.1.4 East African Packaging Industries Limited

East African Packaging Industries Limited was registered in Kenya in 1959 and entered the market by setting up a factory in Mombasa for the manufacture of paper sacks. In 1967, EAPI took over Kenya Box Limited and established a corrugated carton factory in Nairobi's industrial area. The company was listed on the Nairobi Stock Exchange in the early seventies with 25% of the shares in the public domain. EAPI operates two separate divisions, the Paper Sacks Division (PSD) in Mombasa

and the Corrugated Cartons Division (CCD) in Nairobi each with their own management. The managing director is based at CCD in Nairobi.

East African Packaging Industries (EAPI) is a company engaged in the manufacture of corrugated cartons and paper sacks. EAPI's Paper Sack Division is the largest manufacturer of paper sacks in Eastern Africa. EAPI offers packaging solutions to tea producers, tea blenders, cement producers, grain millers, and coffee exporters. The various sacks are manufactured according to customer's preferences and conform to the statutory and regulatory requirements of KEBS, quality standards of ISO9001:2000 and food safety standards of ISO22000:2005. EAPI supplies sacks across Eastern Africa and South East Asia. East African Packaging Industries has been experiencing low profit margins in the last two years due tight competition from rival companies and low levels of penetration of ICT infrastructure that has hindered access and usage leading to low access to markets and technological information and increased costs of marketing and communication this has been attributed to poor strategy implementation and hence the need for the study.

1.2 Research Problem

Strategy implementation has attracted much less attention in strategic and organizational research than strategy formulation or strategic planning. Alexander (1991) suggests several reasons for this: strategy implementation is less glamorous than strategy formulation, people overlook it because of a belief that anyone can do it, people are not exactly sure what it includes and where it begins and ends. Furthermore, there are only a limited number of conceptual models of strategy

implementation. In the world of management, increasing numbers of senior people are recognizing that one of the key routes to improved business performance is better implementation. However, at the same time, it is also understood that implementation is one of the more difficult business challenges facing today's managers. Within this, management ability, or competence, is seen as an important contributor to achieving this aim (Chebat, 2006). The apathy to strategy implementation can be ascribed to several reasons, among them: greater likelihood of failures in implementing strategies; higher complexity in the process of strategy implementation; strategy implementation being considered to be less glamorous than formulation; and practical difficulties in research involving middle-level managers (Alexander, 1991).

In their research, Bartlett and Ghoshal (1997) found that in all the companies they studied "the issue was not a poor understanding of environmental forces or inappropriate strategic intent. Without exception, they knew what they had to do; their difficulties lay in how to achieve the necessary changes". Strikingly, organizations fail to implement about 70 per cent of their new strategies (Miller, 2002). Another recent study is a bit less alarming; it says 40 per cent of the value anticipated in strategic plan is never realized. According to Marginson (2002), evidence keeps piling of how barriers to strategy implementation make it so difficult for organizations to achieve sustained success.

Studies have been done on strategies and strategy implementation in organizations in Kenya. Karimi (2007) carried out a study to determine the strategic responses of Kenya Commercial Bank to a changing competitive environment. The study focused mainly on strategies that can be adopted in a competitive environment. It did not

cover the challenges in the implementation phase. Kung'u (2007) on the other hand did a study to determine the strategic responses of Christian churches in Kenya to changes in the external environment. This study focused on a different context and concept from what the current study seeks to cover. Kiuna (2007) studied the role of executive development in strategy implementation. His study was a comparative study of KCB and National Bank of Kenya. The study also did not capture the challenges encountered. None of the known local studies has ever focused on challenges of strategy implementations in manufacturing business.

This study therefore, sought to fill the gap by carrying out a research on challenges of strategy implementation in manufacturing sector. What are the challenges faced by East African Packaging Industries in strategy implementation?

1.3 Research Objective

The objective of this study was to determine the challenges of strategy implementation in East African Packaging Industries limited

1.4 Value of the Study

The study may be important not only to East African Packaging Industries managers but also other managers in other manufacturing organizations in that it may help them understand the challenges of strategy implementation and how to overcome them.

The study may provide information on the strategies applied in management and how they influence the performance and long-term success of the organization especially in East African Packaging Industries.

To academicians and researchers, this may be used as a basis for further research into areas such as strategic formulation, implementation and operational strategies which may be applied by other manufacturing firms in Kenya.

The findings may contribute to professional extension of existing knowledge on challenges of strategy implementation and how to overcome them by helping to understand adopting the right strategies. The findings may also enable the business people to understand the challenges of strategy implementation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the related literature on strategy and strategy implementation challenges presented by various researchers, scholars, analysts and authors. It begins by understanding the concept of strategy to the types and challenges of strategy implementation.

2.2 Theoretical Basis

There are a number of theories in strategic management. The following are relevant to this study. The study will be based on co-evolutionary theory. Co-evolutionary theory (Lewin and Volberda, 1999) indicates that as firms grow and evolve from small to larger and multidivisional organizations, the strategy implementation methods also evolve simultaneously. The various strategy implementation models described by Bourgeois and Brodwin's (1984) are meant to meet the changing needs of firms as they evolve through various stages of the organizational life cycle. In contrast to the earlier descriptive models, this model is more prescriptive with an, albeit limited, empirical basis. The research highlights three of Bourgeois and Brodwin's (1984) classifications of strategy implementation styles: change, the 7s model, collaborative, and cultural.

Not all firms implement their strategies in the same manner; nevertheless, research investigating the differing styles of implementation is scarce. Nutt (1995) utilises Jungian theory (Jung, 1923) for his framework of implementation style, however, this

is very much an analysis of the psychological style of individuals within the firm. More recently, Bourgeois and Brodwin's (1984) classification of strategy implementation types.

The majority of existing classification models in strategy implementation tends to be normative in nature (Parsa, 1999). Alternatively, they are developed from organizational observation, and as such, become context specific and frequently lack any broader theoretical grounding (Hooley et al., 1992). In contrast, Bourgeois and Brodwin's (1984) model is comprehensive and based on specific theoretical assumptions and has been used by authors such as Parsa (1999). Bourgeois and Brodwin (1984) to refute the traditional approach to strategy implementation as simply an addition to the strategy formulation phase of the strategy process. Rather, they contend that strategy implementation evolves either from a process of winning group commitment through a coalitional form of decision-making, or as a result of complete coalitional involvement of implementation staff through a strong corporate culture.

2.3 Concept of Strategy

According to Porter (1997) strategy is about competition and the means by which an organization tries to gain a competitive advantage. He has described a category scheme consisting of three general types of strategies that are commonly used by businesses. The two generic strategies are as follows: strategic scope and strategic strength. Strategic scope is a demand-side dimension and looks at the size and composition of the market to be targeted (Porter, 1997). Strategic strength is a supply-

side dimension and looks at the strength or core competency of the firm. In addition, he identified two competencies that he felt were most important: product differentiation and product cost (efficiency).

According to Grant, (2000) there is no agreed all-embracing definition of strategy. Indeed, strategy is an elusive and somewhat abstract concept. He argues that this is expected when dealing with an area that is constantly developing. Strategy is the direction and scope of an organization over a long term. Strategies are systematic choices about how to deploy resources to achieve goals. A strategy is a long term plan of action designed to achieve a particular goal, most often winning. Quinn (1980) identifies strategy as a plan that puts together an organization's major goals, policies and action sequences. Well formulated strategy enable organizations marshal and allocate resources in a unique way on the basis of relative internal competence and limited expected changes in the environment.

According to Porter (1997), strategies can be said to be in three main levels that is corporate, business and functional strategies. Corporate strategy covers the overall purpose and scope of organization. They state the overall purpose and scope. They are dominated at the head office level and the principal focus is effectiveness of the business. Business strategies are long term planning and focus on the strategic business units and how to compete within the industry. These strategies mainly strive to achieve competitive advantage in the market. Distinct markets will require distinct strategies. The principal focus here is effectiveness of the business. Functional strategies on the other hand are those that cover short term or rather the day to day operation activities of an organization. They are flexible and keep changing as the

environment dictates. They are mainly formulated at the functional level and the principal focus is to provide efficiency and smooth running of the organization. Successful implementation strategies result to successful programmes which enhance both effectiveness and efficiency in realizing the set objectives.

2.4 Concept of Strategy Implementation

Successful strategy implementation, it is suggested, requires sound mechanisms for directing activity and behaviour Giles (1991), especially including effective communication systems as well as appropriate strategic and management controls. The balanced scorecard's four perspectives as manifested in Eisenstat (2003) strategy maps provide a level of granularity that improves clarity and focus thereby creating clear direction and, potentially, through the development and publishing of the strategy map, facilitate understanding and coordination across the organization.

It has been shown that the keys to enabling such communications are an organization's middle managers who have been shown to play a pivotal role (Aaltonen and Ikåvalko, 2002, p. 417) and are viewed as strategic actors (Kaplan and Norton, 1993) playing an important role in strategic transformation. The scorecard approach encourages the establishment of co-ordinated scorecards at every level of an organization which, when implemented properly, engage middle managers.

Such a process not only necessitates considerable active communication involving everyone within an organization (Aaltonen and Ikåvalko, 2002), it also permits the useful integration of such scorecards with management and employee incentive programmes, potentially involving the development of individual/personal scorecards

which can be positively utilised to align personal and organization goals and encourage ownership. Noble states that, the degree of involvement across the organisation appears to be a predictor of implementation success (Noble, 2006, p. 132); the scorecard facilitates this involvement throughout the strategy implementation process.

2.5 Challenges of Strategy Implementation

Miller (2002) stated clearly that most of the individual barriers to strategy implementation that have been encountered fit into one of the following interrelated categories: too many and conflicting priorities, the top team does not function well; a top down management style; inter functional conflicts; poor vertical or horizontal communication, and inadequate management development. These categories can be translated into the following problems: competing activities distracted attention from implementing this decision, changes in responsibilities of key employees were not clearly defined, key formulators of the strategic decision did not play an active role in implementation and problems requiring top management involvement were not communicated early enough. Other notable challenges to strategy implementation put forward by scholars include; improper or inadequate planning, changing market conditions, competing tactics, management challenges, and operation-related challenges.

2.5.1 Improper or Inadequate Planning

Organizational strategies are not like cook-books where one can follow a recipe and expect the results to be just fine. The needs and requirements of every company are

different. If we apply a generic solution to all industry types, it is less likely that the returns on investment will be optimal considering their usefulness. For example, there is no single best strategy to implement Just In Time (JIT). They are not made to a general specification as “one size fits all”. For example, a line of strategic tactics initially identified for one company may not be applicable to a second company likewise those that apply in profit making organizations are not the ones which apply in non profit making organizations.

2.5.2 Lack of Communication

Many organizations are faced with the challenge of lack of institution of a two-way-communication program that permits and solicits questions from employees about issues regarding the formulated strategy. In addition to inability to solicit questions and feedback, lack of communications cause more harm as the employees are not told about the new requirements, tasks and activities to be performed by the affected employees, and, furthermore, cover the reason (“the why”) behind changed circumstances (Alexander, 1985).

It is essential both during and after an organizational change to communicate information about organizational developments to all levels in a timely fashion. However, one may misunderstand communication, or the sharing of information, as engagement the direct dialogue that produces lack of active participants in the process. The way in which a strategy is presented to employees is of great influence to their acceptance of it. To deal with this critical situation, an integrated communications plan must be developed. Such a plan is an effective vehicle for

focusing the employees' attention on the value of the selected strategy to be implemented (Rapa and Kauffman, 2005).

2.5.3 Coordination of Activities

Al Ghamdi (1998) replicated the work of Alexander (1985) in the UK and found for most of the firms, due to lack of coordination, implementation took more time than originally expected and major problems surfaced in the companies, again showing planning weaknesses. He found the effectiveness of coordination of activities as a problem in most of the firms and distractions from competing activities in some cases. In addition key tasks were not defined in enough detail and information systems were inadequate.

More recent articles confirm notable barriers to successful strategy implementation about which there appears to be a degree of accord including Beer and Eisenstat's (2000, p. 37) who assert that silent killers of strategy implementation comprise unclear strategic intentions and conflicting priorities and weak co-ordination across functions.

2.5.4 Top Management Support

The most challenging thing when implementing strategy is the top management's commitment to the strategic direction itself. This is undoubtedly a prerequisite for strategy implementation. In some cases top managers may demonstrate unwillingness to give energy and loyalty to the implementation process. This demonstrable lack of commitment becomes, at the same time, a negative signal for all the affected organizational members (Rapa and Kauffman, 2005). Overall though, it is

increasingly acknowledged that the traditionally recognized problems of inappropriate organisational structure and lack of top management backing are the main inhibiting factors to effective strategy implementation (Aaltonen and Ikåvalko, 2002).

Aaltonen and Ikåvalko recognise the role of middle managers, arguing they are the “key actors” “who have a pivotal role in strategic communication” (Aaltonen and Ikåvalko, 2002) meanwhile Bartlett and Goshal (1996) talk about middle managers as threatened silent resistors whose role needs to change more towards that of a “coach”, building capabilities, providing support and guidance through the encouragement of entrepreneurial attributes. So if they are not committed to perform their roles, lower ranks of employees will not be provided with support and guidance through encouragement of entrepreneurial attributes.

2.5.5 Organizational Culture

One of the major challenges in strategy implementation appears to be more cultural and behavioural in nature, including the impact of poor integration of activities and diminished feelings of ownership and commitment (Aaltonen and Ikåvalko, 2002). Corboy and O'Corrbui (2006), meanwhile, identify the deadly sins of strategy implementation which involve: a lack of understanding of how the strategy should be implemented; customers and staff not fully appreciating the strategy; difficulties and obstacles not acknowledged, recognized or acted upon; and ignoring the day-to-day business imperatives. Marginson, (2002) contend that strategy implementation evolves either from a process of winning group commitment through a coalitional

form of decision-making, or as a result of complete coalitional involvement of implementation staff through a strong corporate culture.

In Collaborative Model of strategy implementation, organizations have both a strong culture and deep-rooted traditions. The challenges of successful implementation result from lack of cultivation of strong cultural values to meet the changing organizational needs. The distinction between “thinkers” and “doers” begins to blur but does not totally disappear.

2.6 Summary of Literature Review and Research Gap

Several scholars have studied the concept of strategy implementation in firms. Giles (1991), suggested that successful strategy implementation requires sound mechanisms for directing activity and behaviour especially including effective communication systems as well as appropriate strategic and management controls. Kaplan and Norton (1993), noted that strategic actors play an important role in strategic transformation. Miller (2002) stated clearly that most of the individual barriers to strategy implementation that have been encountered fit into one of the following interrelated categories: too many and conflicting priorities, the top team does not function well; a top down management style; inter functional conflicts; poor vertical or horizontal communication, and inadequate management development.

Marginson (2002), noted that evidence keeps piling of how barriers to strategy implementation make it so difficult for organizations to achieve sustained success. Chebat (2006), noted that in the world of management, increasing numbers of senior people are recognizing that one of the key routes to improved business performance is

better implementation. However, Chebat (2006) noted that at the same time, it is also understood that implementation is one of the more difficult business challenges facing today's managers. From the above review limited studies have concentrated on the challenges of strategy implementation. This study therefore seeks to fill this research gap by studying challenges of strategy implementation by East African Packaging Industries in Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was used in gathering the data, analyzing the data and reporting the results. Here the researcher aimed at explaining the methods and tools used to collect and analyse data to get proper and maximum information related to the subject under study.

3.2 Research Design

This was a case study since the unit of analysis was one organisation. The case study was aimed at getting detailed information regarding the challenges of strategic implementation at East African Packaging Industries. According to Yin (1994) a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Kothari, (2004) noted that a case study involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primarily data collected from such a study was more reliable and up to date.

3.3 Data Collection

The researcher used both primary and secondary data. Primary data was collected using self-administered interview guide while secondary data was collected by use of desk search techniques from published reports and other documents. Secondary data

included the companies' publications, journals, periodicals and information obtained from the internet.

The interview guide had open-ended questions. The open-ended questions enabled the researcher to collect qualitative data. The interview guides was preferred over other methods of collecting data because of its capability to extract information from the respondents as well as giving the researcher a better understanding and a more insightful interpretation of the results from the study. Interview guide was also preferred because they enabled the researcher obtain more up to date information as well as eliciting information which might not be captured in the other data collection techniques.

The respondents of this study were 12 individuals in the company who included managers and other staff in the ranks of management such as top level managers, middle level managers and lower level managers. This made it easier to get adequate and accurate information necessary for the research.

3.4 Data Analysis

Before processing the responses, the completed interview guide was edited for completeness and consistency. A content analysis and descriptive analysis was employed as appropriate. The content analysis was used to analyse the respondents' views about the challenges of strategy implementations at East African Packaging Industries. The advantage of using content analysis is that it enables grouping of the collected data into various groups for easier analysis which is presented in continuous prose while descriptive statistics employed descriptive tools such as frequencies,

percentages and other graphical presentations as appropriate which were used for ease of understanding and analysis.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis and interpretation as set out in the research methodology. The study objective was to determine the challenges of strategy implementation in East African Packaging Industries limited.

4.1.1 Response Rate

The respondents of this study were 12 individuals from East African Packaging Industries limited all of whom were interviewed contributing to 100% response rate. This response rate was sufficient and representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good while a response rate of 70% and over is excellent.

Data was collected based on the variables of the study, that is strategy implementation by East African Packaging Industries in Kenya as the dependent variable while the independent variables were; challenges which included; organizational culture, top managers' commitment, communication and management practices among others. The findings are presented in prose.

4.2 Important things in implementing strategies

The respondents were requested to indicate the most important things when implementing strategies in the organization. The findings indicate that the key issues that need to be considered in implementing strategies in the organization include; sound mechanisms for directing activity and behaviour, and effective communication

systems, appropriate strategic and management controls. It further requires adoption of balanced scorecard's which is key providing a level of granularity that improves clarity and focus thereby creating clear direction and, potentially, through the development and publishing of the strategy map, facilitate understanding and coordination across the organization. It also requires capacity building of the middle managers who play an important role in strategic transformation, integration of such scorecards with management and employee incentive programmes. In addition, it involves the development of individual/personal scorecards which is positively utilized to align personal and organisation goals and encourage ownership of the strategy being implemented.

4.3 Effectiveness of strategy implementation

The respondents were asked to indicate how effective strategy implementation was in their organization. The findings indicates that strategy implementation in East African Packaging Industries is moderately effective and therefore have existing gaps created by challenges faced in strategy implementation that require to be addressed to enhance the effectiveness of strategy implementation.

4.4 Factors that determine success in strategic management

The study investigated on the factors that determine success in strategic management in the organization. According to the findings the factors that determine success in strategic management in East African Packaging Industries includes; strategic market segmentation, understand competitor's strengths and weaknesses, respond to customer's needs and wants, efficiencies through e-

commerce/technology, reliable delivery, strong service, solid sales and support staff, reduces costs, operates lean, and utilize employees strategically.

In addition, the respondents indicated that the challenges affecting strategy implementation in East African Packaging Industries included; conflicting priorities, top management not being effecting in spearheading the implementation, a top down management style; inter functional conflicts; poor vertical or horizontal communication, and inadequate management development. The problems that emanated from these challenges were: competing activities distracting attention from implementing decisions, lack of clarity in changes in responsibilities of key employees, key formulators of the strategic decision not playing an active role in implementation and problems that require top management involvement not being communicated early enough. Other notable challenges to strategy implementation were; improper or inadequate planning, changing market conditions, competing tactics, management challenges, and operation-related challenges.

4.5 Persons in charge of strategic management process in the organization

The study investigated on the persons responsible of strategic management process in the organization. According to the findings the persons responsible of strategic management process in East African Packaging Industries were the top managers in the corporate level, business level, functional level, dynamic level and operational level.

4.6 Organizational culture and strategy implementation

The respondents were requested to indicate how organizational culture affected the strategy implementation in the organization. According to the findings, all the respondents unanimously indicated that organization culture affected strategy implementation and to a very great extent. The organizational culture affected the strategy implementation in the organization through; ignoring the day-to-day business imperatives, poor leadership style of managers, the dominant values and beliefs, and norms not being productivity driven, lack of understanding of strategy implementation, customers and staff not fully appreciating the role of strategy implementation towards organizational growth and profitability, and through conscious and unconscious symbolic acts taken by leaders that reduced the (job titles, dress codes, corporate jets, informal meetings with employees.

4.7 Issues about organization culture posing challenges

The study investigated on the specific issues about organization culture that pose a challenge in strategy implementation at East African Packaging Industries. From the findings the organization culture aspects posing challenges in strategy implementation included; lack of cultivation of strong cultural value to meet the changing organizational needs, poor integration of activities and diminished feelings of ownership and commitment by the implementers, lack of understanding of how the strategy should be implemented; customers and staff not fully appreciating the strategy; difficulties and obstacles not acknowledged, recognized or acted upon; and ignoring the day-to-day business imperatives.

4.8 Top management commitment and strategy implementation

The respondents were requested to indicate how commitment of the top management affected strategy implementation at East African Packaging Industries. According to the findings, the respondents reported that the top management is committed towards strategy implementation plans and that the commitment by the top management affected strategy implementation to a great extent. The various ways through which top management affected strategy implementation included by demonstrating their willingness to give energy and loyalty to the implementation process for it to succeed, by persuading the employees of their ideas for strategy implementation towards making strategy implementation effective, offering support to the lower rank staff in strategy implementation and through performing their roles effectively.

4.9 Major cause of lack of commitment

The study investigated on the major cause of lack of commitment of the people involved in strategy implementations. The lack of commitment included unclear strategic intentions and conflicting priorities and weak co-ordination across functions.

4.10 Areas of strategic management affected by challenges of commitment

The study sought to find out the areas of strategic management affected by challenges of commitment amongst the participants of strategy implementation at East African Packaging Industries. The study established that lack of top management support towards strategy implementation was a major challenge facing strategy implementation and therefore lack of top management backing was a main inhibiting factor towards strategy implementation.

From the findings, the top management's commitment to the strategic direction was a significant factor affecting strategy implementation and therefore, managers must demonstrate their willingness to give energy and loyalty to the implementation process for it to succeed and persuade employees of their ideas for strategy implementation to be effective.

4.11 Causes of delays in communicating with employees

The study sought to establish the causes delays in communicating with employees concerning issues related to the strategy implementation. The study identified that communication was a key success factor within strategy implementation and that communication process affects strategy implementation to a great extent. However, there was lack of a two-way-communication program that permitted and solicited questions from employees about issues regarding the formulated strategy, the integrated communications plan was also absent which slowed the pace of strategy implementation, as well as failure to communicate information about organizational developments to all levels in a timely fashion during and after an organizational change.

4.12 Management practices affecting strategy implementation

The respondents were asked to indicate the management practices that affect strategy implementation in the organization. From the findings, the management practices that affect strategy implementation includes; weak management roles in implementation, a lack of effective communication, lack of commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources,

poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors such as rapid change of technological innovations. It also involve resource constraints; low competency in the organization towards effective and efficient undertaking of strategic planning.

The structural and economic barriers inherent in the industry also affect the rate of strategy implementation. The common organizational hurdles in strategy implementation are competence, coordination, and commitment. These organizational hurdles translated into the various implementation problems in terms: less effective coordination of implementation activities, insufficient capabilities of employees, inadequate training and instruction given to lower level employees and inadequate leadership and direction provided by departmental managers.

4.13 Measures to counter challenges of strategy implementation

The respondents were asked to suggest the possible measures that could be implemented to counter the challenges of strategy implementation at East African Packaging Industries. According to the findings the possible measures that could be implemented to counter the challenges of strategy implementation included; proper planning where East African Packaging Industries uses the strategy that suits its operation and guarantees optimal returns on investment, adoption of an integrated communication system that incorporates two-way-communication program that permits and solicits questions from employees and guarantees feedback, communicating organizational change in a timely fashion, presenting the strategy to the employees in a manner that of great influence to their acceptance of it, improving

the coordination of various activities of strategy implementation, revitalizing top management's commitment to the strategic direction, top managers providing support and guidance through encouragement of entrepreneurial attributes, improving ownership and commitment of the employees, ensuring clarity of role during strategy implementation, winning group commitment through a coalitional form of decision-making, complete coalitional involvement of implementation staff through a strong corporate culture,

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the data findings on the challenges of strategy implementation by East African Packaging Industries in Kenya. The chapter is therefore structured into summary of findings, conclusions, recommendations and area for further research.

5.2 Summary

From the findings, it was established that that the key issues that East African Packaging Industries considered in its strategy formulation and implementation were; establishing sound mechanisms for directing activity and behaviour, using effective communication systems, and adoption of appropriate strategic and management controls. The study also found out that the strategy implementation in East African Packaging Industries is moderately effective and therefore have existing gaps created by challenges faced in strategy implementation that require to be addressed to enhance the effectiveness of strategy implementation.

The study also found out that the factors that determined success in strategic management in East African Packaging Industries were; strategic market segmentation, understand competitor's strengths and weaknesses, respond to customer's needs and wants, efficiencies through e-commerce/technology, reliable delivery, strong service, solid sales and support staff, reduces costs, operates lean, and utilize employees strategically. The study as well found out that the persons

responsible of strategic management process in East African Packaging Industries were the top managers in the corporate level, business level, functional level, dynamic level and operational level.

The study revealed that organizational culture affected the strategy implementation in the organization through; ignoring the day-to-day business imperatives, poor leadership style of managers, the dominant values and beliefs, and norms not being productivity driven, lack of understanding of strategy implementation, customers and staff not fully appreciating the role of strategy implementation towards organizational growth and profitability, and through conscious and unconscious symbolic acts taken by leaders that reduced the (job titles, dress codes, corporate jets, informal meetings with employees.

The study also revealed that the top management is committed towards strategy implementation plans and that the commitment by the top management affected strategy implementation to a great extent. The study also established that there were major causes of lack of commitment of the people involved in strategy implementations. The lack of commitment included unclear strategic intentions and conflicting priorities and weak co-ordination across functions.

The study also established that the areas of strategic management affected by challenges of commitment amongst the participants of strategy implementation at East African Packaging Industries included; lack of top management support towards strategy implementation which was a major challenge facing strategy implementation.

The study further revealed that; the management practices that affect strategy implementation includes; weak management roles in implementation, a lack of effective communication, lack of commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors such as rapid change of technological innovations. It also involve resource constraints; low competency in the organization towards effective and efficient undertaking of strategic planning.

The study finally revealed that; the possible measures that could be implemented to counter the challenges of strategy implementation included; proper planning where East African Packaging Industries uses the strategy that suits its operation and guarantees optimal returns on investment.

5.3 Conclusion

The study concludes that the strategy implementation in East African Packaging Industries is moderately effective and therefore have existing gaps created by challenges faced in strategy implementation that require to be addressed to enhance the effectiveness of strategy implementation.

The study concludes that the challenges affecting strategy implementation in East African Packaging Industries included; conflicting priorities, top management not being effecting in spearheading the implementation, a top down management style; inter functional conflicts; poor vertical or horizontal communication, and inadequate management development. The problems that emanated from these challenges were:

competing activities distracting attention from implementing decisions, lack of clarity in changes in responsibilities of key employees, key formulators of the strategic decision not playing an active role in implementation and problems that require top management involvement not being communicated early enough. Other notable challenges to strategy implementation were; improper or inadequate planning, changing market conditions, competing tactics, management challenges, and operation-related challenges.

The study concluded that organizational culture affected the strategy implementation in the organization.

The study concluded that the top management is committed towards strategy implementation plans and that the commitment by the top management affected strategy implementation to a great extent. The various ways through which top management affected strategy implementation included by demonstrating their willingness to give energy and loyalty to the implementation process for it to succeed, by persuading the employees of their ideas for strategy implementation towards making strategy implementation effective, offering support to the lower rank staff in strategy implementation and through performing their roles effectively. Lack of top management support towards strategy implementation which was a major challenge facing strategy implementation.

The study concluded that communication was a key success factor within strategy implementation and that communication process affects strategy implementation to a great extent. However, there was lack of a two-way-communication program that

permitted and solicited questions from employees about issues regarding the formulated strategy, the integrated communications plan was also absent which slowed the pace of strategy implementation, as well as failure to communicate information about organizational developments to all levels in a timely fashion during and after an organizational change.

The study further concluded that the possible measures that could be implemented to counter the challenges of strategy implementation included; proper planning where East African Packaging Industries uses the strategy that suits its operation and guarantees optimal returns on investment, adoption of an integrated communication system that incorporates two-way-communication program that permits and solicits questions from employees and guarantees feedback, communicating organizational change in a timely fashion, presenting the strategy to the employees in a manner that of great influence to their acceptance of it, improving the coordination of various activities of strategy implementation, revitalizing top management's commitment to the strategic direction, top managers providing support and guidance through encouragement of entrepreneurial attributes, improving ownership and commitment of the employees, ensuring clarity of role during strategy implementation, winning group commitment through a coalitional form of decision-making, complete coalitional involvement of implementation staff through a strong corporate culture.

5.4 Recommendations

- i. The study recommends that the management should ensure that they employ and deploy qualified and competent individuals. Also the study recommends

that East African Packaging Industries should employ monitoring/supervision mechanism, to allow efficiency in strategy implementation. This will go a long way in improving the services to customer by improving their image.

- ii. The East African Packaging Industries should implement approaches such as effective reward management systems meant to enhance manager's commitment to performing their roles as well as incorporating lower ranks of employees in strategy design and implementation. The study also recommends that East African Packaging Industries should embark on staff improvement through training and offering conducive environment for their work to improve their productivity which in turn will win support from the staff and thus make strategy implementation a reality in the company.
- iii. The East African Packaging Industries should improve integrated communications plan to improve strategy implementation. The content of such communications plan should include clear explanation of what new responsibilities, tasks, and duties need to be performed by the affected employees. It also includes the why behind changed job activities, and more fundamentally the reasons why the new strategic decision was made firstly. This will enhance communication of change during and after an organizational change on organizational developments to all levels in the appropriate manner.
- iv. The East African Packaging Industries should adopt customers and staff oriented approaches to facilitated full appreciation of the strategy in a bid to minimize challenges of successful implementation which emanates from lack

of cultivation of strong cultural value to meet the changing organizational needs. This will enhance proper integration of activities and feelings of ownership and commitment.

5.5 Suggestion for Further Studies

A comparative study is recommended on challenges affecting strategy implementation in organizations such as the banks in Kenya which operate in highly competitive environment, to ascertain the validity of the research findings.

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Appendix I

Introduction Letter

University of Nairobi,
P.O Box 30195,
Nairobi.

Date.....

Dear Sir/Madam/,

RE: LETTER OF INTRODUCCION

I am a student at the University of Nairobi taking a MASTER OF BUSINESS ADMINISTRATION. As a requirement for the fulfillment of the MASTER OF BUSINESS ADMINISTRATION, I intend to carry out a study on “CHALLENGES OF STRATEGY IMPLEMENTATION BY EAST AFRICAN PACKAGING INDUSTRIES IN KENYA.” Kindly spare some of your time to complete the interview guide attached herein. The information given will be handled with utmost confidentiality.

Yours faithfully

Keya Francis Were

Appendix II: Interview Guide

1. What is the most important thing when implementing strategies in the organization?
2. How effective is the strategy implementation in this organization?
3. What are the factors that determine success in strategic management in this organization?
4. Who are responsible of strategic management process in this organization?
5. How does the organizational culture affect the strategy implementation in the organization?
6. Which specific issues about organization culture pose a challenge in strategy implementation at East African Packaging Industries?
7. How does the organization deal with challenges of organizational culture in the strategy implementation process?
8. What are some of the challenges of organizational culture that this organization has not been able to address?
9. How does commitment affect strategy implementation at East African Packaging Industries?

10. What could be the major cause of lack of commitment of the people involved in strategy implementations?
11. Which areas of strategic management are affected by challenges of commitment amongst the participants of strategy implementation at East African Packaging Industries?
12. What are the possible ways of dealing with the challenges of lack of commitment in strategy implementation at East African Packaging Industries?
13. What causes delays in communicating with employees concerning issues related to the strategy implementation?
14. How does management control pose a challenge in strategy implementations in East African Packaging Industries?
15. How does the responsibility of managers affect strategy implementation at East African Packaging Industries?
16. What are the management practices that affect strategy implementation in the organization?
17. In your own opinion, how does coordination of activities affect?
18. What are the policies in place that ensure co-ordination of activities across functions in this organization?

19. How sufficient are these policies in solving the challenges of co-ordination of activities in East African Packaging Industries?.
20. Suggest the possible measure that could also be implemented to counter the challenges of strategy implementation at East African Packaging Industries?

THANK YOU