

**STRATEGY IMPLEMENTATION AT KENYA ACCOUNTANTS
AND SECRETARIES NATIONAL EXAMINATIONS BOARD**

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DECLARATION

This research project is my original work and that this document has not previously, in its entirety or in part, been submitted to any University, college or institution of higher learning in order to obtain an academic qualification.

Signed.....Date.....

Nduati Peninah Nyambura

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

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DEDICATION

I wish to dedicate this project to my dad who has being a source of encouragement from the commencement of my education to date.

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I would like to thank the Almighty God for seeing me through the entire period it has taken to complete the program.

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ABBREVIATION AND ACRONYMS

KASNEB	Kenya Accountants and Secretaries National Examinations Board
RBV	Resource Based View
CEO	Chief Executive Officer
CPA	Certified Public Accountants
CPS	Certified Public Secretaries
CICT	Certified Information Communication Technology
CCP	Certified Credit Professionals
CSIA	Certified Securities and Investment Analysis
ATC	Accounting Technician Certificate
ICTT	Information Communication Technology Technicians
CMT	Credit Management Technicians
IST	Investment and Securities Technicians
EAC	East African community
COMESA	Common Market for Eastern and Southern Africa

ABSTRACT

Strategy is defined as determining the long term goals and objectives of an enterprise, adopting courses of action and allocating resources necessary to achieve those goals. Strategic management is a combination of the set of decisions and actions which are viewed in the form of strategy formulation, implementation and control of plans designed to achieve a corporation's vision, mission and long term performance of the organization (Pearce II, Robinson Jr and Mital, 2007). Strategy implementation is an integral component of the strategic management process and is viewed as the process that turns the formulated strategy into a series of actions and then results to ensure that the vision, mission, strategy and strategic objectives of the organisation are successfully achieved as planned (Thompson and Strickland, 2003). Several researches have been carried out on strategy implementation including at World Vision Kenya, Co-operative Insurance Company Ltd and Balozi Sacco. The findings revealed that every organization implements their strategies differently; hence there is no universal approach to strategy implementation. A research was carried out at KASNEB to establish how strategy implementation is done and the challenges encountered. The researcher used a case study as a research design so as to get an in-depth understanding of how strategy implementation is done at KASNEB. The findings revealed that KASNEB uses an implementation matrix, there is management commitment and that there is frequent monitoring and evaluation as strategy implementation progresses. Strategy implementation is reviewed annually and strategies revised accordingly. The study also revealed that the organisation faces a few challenges during strategy implementation. The challenges include delays in communication, delays in implementation of planned activities and bureaucracies in procurement of goods and services. The challenges can be overcome by for instance educating all employees on the content of the strategy and by having communication flowing both from the top and bottom in order to assess whether there is need to change the approach in strategy implementation. The organisation can also use the balanced scorecard approach to assist in setting objectives that are measurable and in linking implementation of activities and strategic objectives. Since the research design was a case study, the findings may not give a general view of how strategy implementation is done in other state corporations. Further research could be carried out on the impact of performance contracting on the implementation of strategies.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The strategy of a company is the management's action plan for running the business and conducting its operations. The crafting of a strategy signifies management's commitment to pursue a set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting its operations as well as improving the company's financial and market performance (Thompson, Strickland and Gamble, 2007).

Strategy implementation is the critical link between formulation of strategies and superior organisational performance (Noble and Mokwa, 1999). Nutt (1999) studied strategic decisions in organisations located in the USA and Canada and concluded that half of the strategic decisions failed to attain their initial objectives mainly because of the problems encountered during strategy implementation. Strategy implementation is a key challenge for today's organizations. The challenges range from people who communicate or implement the strategy to the systems of mechanisms in place for coordination and control. Alexander (1985) identified problems such as longer time to implement the strategy than expected, problems during implementation not identified earlier, ineffective coordination of implementation activities, lack of understanding of overall goals among employees and inadequate leadership among others. Wernham (1985) on the other hand identified the challenge of goals and strategies pursued by the top management not been clearly perceived by the unit managers based at the periphery. Freedman (2003) points out additional challenges which include lack of stakeholder commitment, strategic drift, failure to understand progress and failing to

celebrate success among others. Different researches on strategy implementation reveal that there is no one universal approach to strategy implementation. Different organizations implement strategy differently.

Kenya Accountants and Secretaries National Examinations Board (KASNEB) is a state corporation that was formed by the government through an act of parliament and has its head office in Nairobi, Kenya. The environment in which it currently operates is dynamic. KASNEB like other state corporations is required to improve service delivery to its customers through continuous improvement. One of the tools used to improve performance is the use of strategic plans. KASNEB formulates five year strategic plans.

1.1.1 Strategy Implementation in Organizations

The business environment is constantly changing due to globalization, new regulations, alliances, partnerships and pressure to innovate among other reasons. All organizations face familiar challenges when implementing strategy. The challenge is how to effectively manage the changes that will take place as the new plan is deployed (Saunders, Mann and Smith, 2008). Without an actual sound and aligned implementation process, even the best strategy is useless. In the dynamic, hypercompetitive environment of today, leaders must realize that strategy implementation is just as critical as the development of effective strategies (Pryor, Anderson, Toombs and Humphreys, 2007).

Strategy implementation is defined as an operations oriented activity which makes things happen and is aimed at shaping the performance of core business activities in a strategy supportive manner (Thompson et al., 2006) and is often carried out by different people. It is the most demanding and time consuming part of the strategy

management process. Converting strategies into actions and results tests a leader's ability to direct organizational change, motivate people, build and strengthen company competencies and competitive capabilities, create a climate supportive to strategy and achieve performance targets.

Managers have come to realize that implementation is the most important element in strategic management. If it fails all other elements become a waste of time and effort. Ansoff, Declerk and Hayes (1976) pointed out that the result of strategic planning is only a set of plans and intentions, strategic planning by itself produces no actions or visible changes in the firm. This applies for both profit and not for profit organizations. Findings from different researches reveal that there is no one universal approach to strategy implementation. Every organization implements strategy in a different way.

1.1.2Kenyan State Corporations

A state corporation or parastatal is a legal entity created by a government to undertake commercial activities on behalf of government. A parastatal can either be wholly or partially owned by a government (www.parastatalnewskenya.com).State owned corporations in Kenya were established in the colonial era to drive growth and development in Kenya. In the 1990's, the corporations were marred with malpractices and as a result recommendations were given that corporations be partially privatized to increase efficiency in service delivery and accountability. Each ministry in the Kenya government has a number of parastatals to help it operate efficiently (www.parastatalnewskenya.com/about-us.html).

In order to improve service delivery, the government of Kenya introduced performance contracting. Essentially, a Performance Contract is an agreement

between a government and a public agency which establishes general goals for the agency, sets targets for measuring performance and provides incentives for achieving these targets (Hunter and Gates, 1998). The government introduced performance contracting in the public sector so as to ensure reduction or elimination of reliance on exchequer funding for government agencies. The introduction was also to ensure that parastatals improve performance to deliver quality and timely services to the citizen and instil a sense of accountability and transparency in service delivery and in utilization of resources (RBM Guide, 2005).

All state corporations in Kenya are required to develop and implement five year strategic plans. A strategic plan is one of the government's performance improvement programmes intended to improve service delivery to the public. KASNEB currently operates under the Ministry of Finance. It is involved in annual performance contracts whose objectives are drawn from the strategic plan. Performance contracts were introduced as a management tool for measuring performance against negotiated performance targets (Kobia and Mohammed, 2006). The contracts are signed at corporate level, the outcome to a large extent reflects on the performance of Chief Executive Officers who are currently appointed on contractual terms.

1.1.3 Overview of KASNEB

KASNEB was inaugurated on 24 July 1969. The Accountants Act, Cap. 531 of the laws of Kenya, which was enacted in July 1977, gave KASNEB retroactive recognition since its inception in 1969. The Accountants Act, Cap. 531 of the laws of Kenya was repealed and replaced with the Accountants Act No. 15 of 2008 which received Presidential assent on 24 December 2008 and commenced on 30 December 2008. The Certified Public Secretaries of Kenya Act, Cap. 534 reaffirm KASNEB as

the examining body for the Certified Public Secretaries (CPS) examination under Section 2 of the Act.

The mandate of KASNEB, which is derived from Section 17 of the Accountants Act and Section 2 of the Certified Public Secretaries of Kenya Act is the development of syllabuses, conduct of professional and technician examinations and certification of candidates in finance, accountancy, governance and management, information technology and related disciplines, promotion of its qualifications nationally and internationally and the accreditation of relevant training institutions in liaison with the Ministry of Higher Education, Science and Technology.

The functions of KASNEB as outlined in Section 17 of the Accountants Act No. 15 of 2008 include preparation of syllabuses for professional and technician examinations, to carry out research relating to its examinations and to arrange and conduct examinations and issue certificates to candidates who have met the requirements among others.

KASNEB has 9(nine) examinations of which five are professional examinations and four are technician examinations. Professional examinations comprise of Certified Public Accountants (CPA), Certified Public Secretaries (CPS), Certified Information Communication Technologists (CICT), Certified Credit Professionals (CCP) and Certified Securities and Investment Analysts. The technician examinations are: Accounting Technician Certificate (ATC), Information Communication Technology Technicians (ICTT), Credit Management Technicians (CMT) and Investment and Securities Technicians (IST).

As a state corporation, KASNEB formulates five year strategic plans. It is currently implementing the strategic plan for the year 2012- 2017. As part of performance

contracting, KASNEB normally signs annual performance contracts detailing the targets for that year. The targets are drawn from the strategic plan. Performance contracting has had a positive impact. For instance there has been an improvement on service delivery which is demonstrated by the reduction of complaints from customers.

1.2 Research Problem

Strategy implementation is important for any organization to achieve its corporate goal. To implement a strategy successfully is difficult. The more radical the change, the more difficult it is. Implementing a strategy requires changes in an organization. This may be in form of devising new processes, modifying existing ones and training staff and customers to use the new systems (Macmillan and Tampoe, 2000). Successful strategy implementation will depend on how well an organization is able to integrate these components effectively. It is therefore important that an organization develops the right practices in strategy implementation.

Strategy implementation is an iterative process of implementing strategies, policies, programs and action plans that allows a firm to utilize its resources to take advantage of opportunities in the competitive environment (Harrington, 2006). It is difficult for any management team to formulate a consistent strategy and it's even more difficult to implement the strategy in the whole organization (Hrebiniak, 2006). Many factors can affect the process of turning strategies into organizational action. The best strategies may fail to produce desired performance for the firm if they are not successfully implemented (Noble, 1999).

KASNEB is currently implementing its fourth strategic plan (2012-2017) whose implementation is based on stakeholder participation, good governance and a

professional approach to institutional management. The environment in which it operates is dynamic and successful implementation will largely depend on how well it can cope with the changes in the environment.

Okumus and Roper (1998) observed that despite the importance of the strategy implementation process, far more research had been carried out on strategy formulation rather than on strategy implementation. However the trend has changed and in fact a literature review reveals that Kenyan Management scholars have carried out research on strategy implementation. Gichema (2012) carried out a research at World Vision Kenya and the findings revealed that communication, organization culture and organizational structure were key factors in strategy implementation. Kiarie (2012) carried out a research at Co-operative Insurance Company Ltd (CIC) and found out that they were using balanced scorecard in implementing the chosen strategies. Wambua (2012) did a research on strategy implementation at Balozi Sacco Society and her findings revealed that there was staff involvement; commitment from management and that leadership was an important practice. Training of staff, preparation of an implementation plan and regular reviews of strategy were found to be important practices in strategy implementation.

Review of studies done in the past in the subject of strategy implementation reveal that there is no universal approach to strategy implementation. Different organizations implement strategies differently. As a result the way KASNEB implements its strategy maybe different from the way other organizations implement their strategies. How is strategy implementation done at KASNEB?

1.3 Research Objectives

This research will have two objectives:

- a) To establish how strategy implementation is done at KASNEB.
- b) To establish the challenges faced by KASNEB in implementing its strategy.

1.4 Value of the Study

Strategic planning is relatively new in government and the findings of this research will be useful to the government in enhancing their understanding of strategy implementation in state corporations. The findings will bring out some specific challenges that state corporations face in implementing their strategies. This will in turn assist the government in formulating policies and procedures that will support smooth implementation of the strategies (Gichema, 2012).

Secondly, the study will be useful to KASNEB as the management will be able to identify the challenges they are facing. This will enable KASNEB to come up with measures to address the challenges in implementation of the current strategic plan and future strategic plans.

Lastly, the study will benefit academicians as it will enhance their knowledge on challenges faced by state corporations in the implementation of their strategies. Much attention has been given to the strategy formulation process and little to strategy implementation. This will form a basis for further studies in government departments and state corporations.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews available literature on strategy implementation and its challenges. It summarizes information from various researchers who have carried out similar researches. The areas covered include theoretical foundation, concept of strategy, strategic management, strategy implementation process and challenges of strategy implementation.

2.2 Theoretical foundation of the study

Drucker (1994) indicated that planning was nothing new, it was simply the organized performance of an old task. Porter (1985) on the other hand proposed that strategies ought to reflect the nature of competition and resources within a given business market or environment. As more concepts were developed on strategic planning by academicians and corporations, there came the more practical issue of implementing strategic planning exercises and turning plans into action. Throughout the eighties many strategic plans were failing. Among the reasons cited for failure were strategic plans being prepared by senior management and then presented to operation managers to implement. With this approach there was a gap between the plan and the reality on the ground as those who knew the markets, external environment and strengths of the company were not involved in the planning process. Other causes of implementation failure were the continual evolution of the organization, constant change in technology and few individuals being involved in the planning process.

Resource based theory attempts to explain how a firm can achieve competitive advantage. In resource-based view (RBV) as a basis for the competitive advantage of

a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Mwailu and Mercer, 1983, Wernerfelt, 1984, Rumelt, 1984, Penrose, 1959). In order to transform a short-run competitive advantage into a sustained competitive advantage it requires that these resources are heterogeneous in nature and not perfectly mobile. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 1991). Amit and Schoemaker (1993) argued that resources can be divided into resources and capabilities. In this respect, resources are tradable and non-specific to the firm, while capabilities are firm-specific and are used to engage the resources within the firm, such as implicit processes to transfer knowledge within the firm (Makadok, 2001, Hoopes, Madsen and Walker, 2003).

These resources that are valuable, rare, not imitable and non-substitutable when sustained will lead to a firm having a competitive advantage. The RBV suggests that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantage of the firm (Hoffer and Schendel, 1978, Wenerfelt, 1984). According to Barney (1991), the concept of resources includes all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness (Barney, 1991, Daft, 1983).

The Stakeholder theory suggests that managers must formulate and implement processes which satisfy all groups that have a stake in the business. The most important task in this process is to manage and integrate the relationships and interests of all shareholders, employees, customers, suppliers, communities and other groups in a manner ensuring the long-term success of the firm. Stakeholder approach

emphasizes active management of the business environment, relationships and promotion of shared interests (Freeman, 1984).

Another framework for strategy implementation was McKinsey's 7s framework that identified seven elements that are essential for strategy implementation. These seven variables take account of structure, strategy, systems, skills, style, staff and shared values (Pascale & Athos, 1981; Peters & Waterman, 1982). The model is based on the theory that in order for an organization to perform, the seven elements need to be aligned.

2.3 Concept of strategy

Chandler (1962) defines strategy as determining the long term goals and objectives of an enterprise, adopting courses of action and allocating resources necessary to achieve those goals. He defines structure as the organization's design through which the business is administered including the lines of authority and communication. Chandler (1962) did a study and stated that a long term coordinated strategy was necessary to give a company structure, direction and focus. Hence structure follows strategy. Ansoff (1965) advanced on Chandler's findings and focused on strategic decisions that specify the kind of business that a firm desires to be in. He viewed strategy as the common denominator in a firm's activities and product market scope which comprise of product market scope, growth vector, competitive advantage and synergy. Andrews (1971) further viewed strategy as a match between what a company can do on one hand given its strengths and weaknesses within the universe and what it can do on the other hand with the existing environmental opportunities and threats.

According to Porter (1980) regardless of industry context, organizations can choose from one of three generic strategies to compete. A firm must decide whether to

attempt to gain competitive advantage by producing at a lower cost than its rivals or differentiate its products and services and sell them at a premium price. A firm can also use focus strategy by targeting specific groups of buyers, product lines or geographic areas. On the other hand stakeholder theory identifies stakeholders of a corporation and both describes and recommends methods by which management can give due regard to the interests of those groups (Freeman, 1984).

2.4 Strategic management

Strategic management is a combination of the set of decisions and actions which are viewed in the form of strategy formulation, implementation and control of plans designed to achieve a corporation's vision, mission and long term performance of the organization (Pearce II, Robinson Jr and Mital, 2007). As a process, strategic management concerns itself with directing the efforts of human activities at all levels and all types of establishment; whether profit making or service rendering organizations, whether big or small and whether government or private sectors (Hiriyappa, 2008). The strategic management process follows a five step process for strategically analyzing an organization. The process begins by doing an external analysis which involves analyzing the opportunities and threats that exist in an organization's external environment. The internal organization is analyzed to identify the organization's strengths and weaknesses. Strategies are then formulated to build and sustain competitive advantage by matching the organization's strengths and weaknesses with the environment's opportunities and threats. The strategies are then implemented. Finally strategic control is carried out to make corrections when the strategies are not producing the desired outcomes (Tse, 2010).

In strategic management, managers at all levels of the organization interact in planning and implementing which is similar to participative decision making. Strategic management gives the firm the advantage of being able to prevent problems by having the participation of subordinates. The participation also enhances the understanding of the strategy and resistance to change is reduced as strategic decisions are drawn from the best alternatives (Pearce II, Robinson Jr and Mital, 2007).

2.5 Strategy Implementation Process

Implementation is the process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives. Strategy implementation may be viewed as a lively process by which companies identify future opportunities (Reid, 1989). Strategy implementation may also be viewed as a process inducing various forms of organizational learning, as both environmental threats and strategic responses are a prime trigger for organizational learning processes (Lehner, 2004). Strategy implementation is an integral component of the strategic management process and is viewed as the process that turns the formulated strategy into a series of actions and then results to ensure that the vision, mission, strategy and strategic objectives of the organisation are successfully achieved as planned (Thompson and Strickland, 2003).

Research shows that the ability to implement a strategy is more critical than strategy formulation and that strategy implementation is the key to superior organisational performance. There exists a high failure rate of strategy implementation due to many barriers to effective strategy implementation. Lack of strategic leadership at the top of

the organisation has been identified as a major barrier to effective strategy implementation (Jooste and Fourie, 2009).

Short-term objectives and action plans guide implementation by converting long-term objectives into short-term actions and targets (Pearce II and Robinson Jr, 2011). Short-term objectives help translate long-range plans into a year's targets for action. If the objectives are well developed, they provide clarity, a powerful motivator and facilitator of effective strategy implementation (Pearce II and Robinson Jr, 2011). Short-term objectives are measurable outcomes intended to be achieved in one year or less. They help in strategy implementation by operationalizing long-term objectives, by addressing conflicts that require coordination within an organization and by identifying measurable outcomes of action plans which can be used to make feedback, correction and evaluation more relevant and acceptable. Short-term objectives go hand in hand with action plans.

Another way of successfully implementing strategies is by use of outsourcing. Outsourcing is acquiring an activity, service or product necessary to provide a company's products or services from other people or companies (Pearce II and Robinson Jr, 2011). In the quest for successful implementation of strategies, it's important that employees who are in contact with customers are empowered to make decisions. This can be done by use of policies which are directives designed to guide the thinking, decisions and actions of managers and their subordinates in implementing their firm's strategy (Pearce II and Robinson Jr, 2011)

To implement a strategy various actions on different levels of the organization are needed. Hill and Jones (2009) identified the main components of the process for

strategy implementation as the design of governance and ethics, the organisational structure, organisational culture and the organisational controls.

An organisation normally has internal and external stakeholders. In formulating the strategy, management needs to consider the wishes and needs of all stakeholders otherwise some stakeholders might withdraw their support. They do this by identifying the most important stakeholders whose needs are prioritized and thereafter they determine the strategy to be pursued (Hill et al, 2009). The employees must act ethically in performing their duties as they strive to achieve the chosen strategy.

Hill and Jones (2009) reckon that having the appropriate organisation structure is crucial in enabling an organisation implement its strategy. In order to facilitate the achievement of strategic and organisational objectives, the organisational structure coordinates and integrates the tasks executed by all employees in the organization. It is important that an organisation has a clear hierarchy from the Board of Directors, middle management, all the way down to the operational employees. The hierarchy should clarify the span of control for all employees. The separate functions and divisions in the organisation should strive to achieve the same organisational objectives (Hill et al, 2009).

Hill et al (2009) defines organisational culture as the collection of values, norms, beliefs and attitudes shared by employees in an organisation that controls the way they interact with each other and with stakeholders outside the organisation. A strong organisational culture enhances integration and coordination within the organisation.

Organizational control systems provide incentives and motivation to management and employees to pursue the right activities towards achievement of organizational goals. Control systems also facilitate monitoring and evaluation of performance and progress

on strategic goals. This enables managers to take action if necessary, adapt and improve the organization's business model. The control systems ought to provide accurate and timely information to ensure correct decision making. Targets should be set against which performance is measured (Hill et al, 2009).

Resources are important in the implementation of any strategy. Resources are inputs into a firm's production process for instance capital equipment, the skills of individual employees, patents, finances and talent managers. The resource base approach to strategy implementation assumes human resource as distinctive source of competitive advantage. Once an organization decides on the strategy to be implemented, it does so through changes in leadership, structure, information and control systems and human resources. Successful implementation requires all aspects of the organization to be in congruence with the strategy. It involves making difficult decisions that support rather than undermine the organization's chosen strategy (Thompson and Strickland, 2003).

2.6 Challenges of Strategy Implementation

During the past two decades, strategy formulation has been viewed as the most important component of the strategic management process (Jooste and Fourie, 2009). However, recent researches show that strategy implementation and not strategy formulation alone is a key requirement for superior business performance (Holma, 1999, Flood, Dromgoole, Carroll and Gordon, 2000, Kaplan and Norton, 2000). Furthermore, there is a realization that major problems in the field of strategic management are not related to strategy formulation, but rather to strategy implementation.

One of the first frameworks for strategy implementation was McKinsey's 7s framework that identified seven elements that are essential for strategy

implementation. These seven variables take account of structure, strategy, systems, skills, style, staff and shared values (Pascale & Athos, 1981; Peters & Waterman, 1982). The model is based on the theory that in order for an organization to perform, the seven elements need to be aligned. The framework is based on the assumption that a change in strategy will require a change in the organization's skills and shared values and this in turn will determine the requirements for the remaining factors (Feurer et al 1995).

Kaplan and Norton (2000) identified four main barriers to strategy implementation. According to a survey done by Kaplan and Norton in 1996, majority of companies do not have a formal system that help them execute their strategy. They point out that many organisations fail to allocate financial resources to their strategy implementation. In fact 60% of organisations do not allocate financial resources to the strategy implementation. Their survey also revealed that few employees understand the company's strategy; less than 10% of employees understand the strategy. They also established that a management barrier exists where the management does not allocate time to discuss the strategy with employees. Lastly, Kaplan and Norton identified a people barrier where only 25% of incentives were linked to strategy execution in the organisation.

Hrebiniak (2006) identified six main obstacles to effective strategy implementation. Managers are trained to plan and not to execute. Secondly, the task of management is to plan and the operational level implements the strategy. Thirdly, planning and implementation are two separate processes which is not the case as they are related. In addition, implementation takes more time than formulation. Strategy communication is another obstacle where many organisations fail to communicate the strategy across

different functions. Lastly, implementation is a process and not a single step. It comes as a result of a series of integrated decisions of actions over time.

Alexander (1985) also identified several challenges in strategy implementation. They include problems encountered during strategy implementation not initially anticipated, strategy implementation period taking longer than planned, and competition diverting attention from implementation, staff lacking sufficient skills, inadequate leadership and commanding by unit managers and insufficient information systems to monitor implementation among others.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

A research methodology is a systematical way to solve a research problem (Kothari, 2004). This chapter will discuss the research design used, data collection and how the data was analysed.

3.2 Research Design

In this study, the research design was a case study. Creswell (2002) defines a case study as a problem to be studied which reveals an in-depth understanding of a case or system. It involves understanding an event, activity, process or one or more individuals. A case study is ideal when one needs an in-depth focus on a specific unit of analysis (Yin, 2003). Case studies also give detailed contextualized analysis of an instance in action (MacDonald and Walker, 1977). Case study as a research design gave a detailed account of how KASNEB is implementing its strategy.

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose. It is the conceptual framework within which research is conducted: it's the blueprint for the collection, measurement and analysis of data (Kothari, 2004). A research design is an action plan that guides research from the questions to the conclusions and includes steps for collecting, analysing and interpreting evidence according to pre-established propositions, units of analyses, a logic for linking the data to the propositions and application of set criteria for interpreting the findings (Yin, 2003).

3.3 Data Collection

Primary data was collected by interviewing 4 people management. They included the Director of Finance, the Head of Internal Audit, senior officer and the Head of Planning and strategy. Secondary data was collected from reports done by the Planning and Strategy Unit.

The interview was done through use of an interview guide with questions to guide the interviewer. The interview guide is a set of questions which aimed at getting information on the strategy implementation process and the challenges encountered in the implementation. Some of the questions were structured whereas others were unstructured so as to get detailed information. The interview method of collecting data involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses (Kothari, 2004). This method allows a researcher to obtain information in greater depth and one can obtain supplementary information about the respondent's personal characteristics and environment which is useful in interpreting results.

3.4 Data Analysis

The data collected through interview was analysed qualitatively. The method was appropriate because the study aimed at obtaining an in-depth understanding of strategy implementation at KASNEB. The qualitative analysis was done through content analysis. Hsieh and Shannon (2005) define content analysis as a research method for subjective interpretation of the content through a systematic classification process of coding and identifying themes or patterns. Content analysis aims at identifying important themes or categories from the data collected and provide a rich description of the social reality created by those theories as they are lived out in a

particular setting (Zhang and Wildemuth, 2009). Content analysis as a method of conducting research is systematic and objective in describing and quantifying phenomena (Krippendorff, 1980). Krippendorff (1980) identifies several advantages of content analysis. It is unobtrusive, unstructured and it is capable of coping with a large quantity of data. Another benefit of content analysis is that it is fairly simple and economical compared to other techniques.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data that was collected on how strategy implementation is done at KASNEB. An interview was done and the interviewees included the head of planning and strategy unit, senior officer in planning and strategy, the head of internal audit, manager in Examinations division and the director of finance division.

4.2 Profile of Respondents

The respondents were requested to indicate the period under which they had worked at KASNEB. This was aimed at establishing the working experience and appropriateness in answering questions regarding strategy implementation. Most respondents had a working experience of 2 (two) years and above. The respondents are involved in both the formulation and in the implementation of strategies. They are tasked with the responsibility of overseeing the implementation of strategies that fall under them. They are also responsible for reporting on the progress of strategy implementation on a quarterly basis.

4.3 Strategy Implementation at KASNEB

The respondents were asked to describe how strategy implementation is done at KASNEB. They reported that KASNEB is a state corporation and as such it is required to formulate five year strategic plans. It is currently implementing the strategic plan (2012-2017). The Board has oversight responsibility on implementation of the corporate strategic plan. Implementation of the corporate strategic plan is

overseen by the CEO. The Head of Planning and Strategy has the operational responsibility in overseeing the implementation of strategy. Heads of divisions and units oversee implementation of strategy in their respective functional areas. Each division/unit develops its own operational plan which is normally approved by the Chief Executive and Secretary. The operational plans are usually aligned to the corporate strategic plan. The head of Planning and Strategy Unit coordinates the development of annual work plans among the divisions and units. The Unit develops an implementation plan factoring in the time frame and output required at the end of the financial year. The Unit prepares a template that guides the divisions and units on how to implement their individual strategies. The Unit of Planning and Strategy monitors implementation on a quarterly basis and as such the divisions and units are required to submit quarterly reports detailing progress of strategy implementation. From the reports gaps and areas of improvement are identified.

4.3.1 Strategy Formulation Process

The respondents gave a detailed account of how strategy was formulated. An environmental scan was done through SWOT and PESTEL analysis. A SWOT analysis aims at identifying the strengths and weaknesses, available opportunities and the likely threats. A PESTEL analysis is crucial in identifying the political, economic, social, technological, environmental and legal factors that may affect the organisation as it strives to achieve its goals.

The Strategic Plan (2012-2017) was prepared with extensive consultations among stakeholders on the internal and external environments to determine the strategic goals, strategic objectives and activities. There was gathering of data from business intelligence. Workshops were held where members of staff brainstormed on the needs

and priorities to be included in the strategic plan. A stakeholder analysis was also done to identify their needs and priorities. Various workshops were held with senior management and the Planning and Business Development Committee to deliberate on the draft strategic plan. An external consultant was involved in the process. The final draft was approved by the Planning and Business Development Committee. The draft Strategic Plan was then presented to the Board in a workshop for validation and other input. Primary data was generated from consultations while the secondary data was drawn from the appropriate legal instruments, government policy documents including the Kenya Vision 2030, Millennium Development Goals and previous Strategic Plans. The Corporate Strategic Plan was then approved by the Board and a formal launch was held.

KASNEB is ISO certified for 9001:2008. It undergoes quarterly audits to verify whether documented procedures are followed. During the ISO audits, employees are educated on the contents of the strategic plan. The vision and mission are displayed on notice boards in all the offices. The statements are communicated on promotional materials such as diaries, calendars and business cards. The vision of KASNEB is “To be a world- class professional examinations body”. The mission is “To provide globally competitive professionals by offering quality examinations in finance, accountancy, governance, management, information technology and related disciplines”.

4.3.2 The Key Factors Considered in Formulating Strategies

The interviewees reported that certain factors are considered in formulating strategies. The factors considered in formulating the strategies include the mandate of the organisation, the internal vision and mission, internal and external environment, the

budget and the planning horizon. Objectives to be achieved and challenges faced in the implementation of past strategic plans are considered. The organisation also considers stakeholder needs and priorities. The development of the strategic plan factors in Kenya's development agenda including the Constitution of Kenya 2010, the Kenya Vision 2030, the Millennium Development Goals, and the Devolved Government structure and government policies. Finally the formulation also considers regional trends such as regional integration like EAC and COMESA. Global trends such as international integration of professional bodies like CIMA, CPA America, CSIA and ACIIA.

4.3.3 Implementing the Chosen Strategies

The interviewees were asked to explain how strategy implementation is done at KASNEB. The interviewees explained that KASNEB has a Corporate Strategic Plan. It is currently implementing the fourth strategic plan which is the Strategic Plan (2012-2017) whose overall implementation is overseen by the CEO. The Board provides strategic direction and oversight responsibility on implementation of strategy. The Head of Planning and Strategy has the operational responsibility in overseeing the implementation of strategy. Heads of divisions and units oversee implementation of strategy in their respective functional areas. This demonstrates that the management is committed to strategy implementation. It was established that leadership is important in strategy implementation. Leaders provide stewardship and direction in strategy implementation and define accountabilities and responsibilities. Further they provide resources, motivate employees by encouraging them in order to achieve strategic goals.

Each division/ unit further cascades the corporate strategy by formulating their own strategies detailing the role they will play in achieving the overall objectives in the corporate strategic plan. During strategy formulation process, a strategy implementation matrix is discussed and agreed on. It shows the responsibilities for implementation of various strategies. All divisions and units develop annual implementation work plans on strategies targeted for implementation every financial year. Every unit sets short-term objectives which in most cases are achieved within the stipulated time lines. The objectives that are not achieved are rolled over to the next period.

The annual work plans are usually aligned to the annual budget. In addition the strategies are aligned to performance contracts and individual performance targets. KASNEB extracts yearly performance contracts with the government from the implementation matrix. Hence, the Annual Performance Contract with the government helps the organization in implementing the chosen strategies.

Some divisions outsource certain functions. For instance the Examinations division outsource distribution of examinations to foreign countries. This has a positive contribution to strategy implementation as it enhances efficient distribution of KASNEB examinations to students sitting for examinations in foreign missions abroad. The organisation also outsources ICT services. This has a positive contribution as it ensures that the organisation maintains up-to-date management information systems.

The Unit of Planning and Strategy coordinates the development of annual work plans. The Unit also monitors the implementation on a quarterly basis and as such all units and divisions submit quarterly reports. The reports indicate the extent to which the

implementation of strategies is achieving the overall objectives of the corporate strategy. Gaps are identified and discussions are held to identify alternative ways to fast track them. Strategy implementation is reviewed annually and strategies, structure and priorities for each year are also revised. The corporate strategic plan is due for a mid-term review after two and half years.

4.3.4 Monitoring and Evaluation

Regular meetings are held with the head of planning and strategy and heads of all divisions and units in which they present status reports on implementation of their annual work plans highlighting quantifiable achievements, challenges, lessons learnt and suggestions for continuous improvement. They also discuss the extent to which implementation of annual work plans is achieving the overall objectives of the corporate strategic plan. Monitoring is also done through internal audits, budget reports and financial reports. Evaluation is done yearly through performance contracting where actual performance is measured against set targets for that financial year.

The current corporate strategic plan is due for a review after two years and half. An analysis of achievements will be done and necessary adjustments will be done on strategies. An end-term review will be done to determine the overall impact and outcomes against set goals and results. The evaluation will be fed into the next corporate strategic plan (2017-2022)

4.4 Challenges of Strategy Implementation

The interviewees were requested to indicate the challenges faced in strategy implementation. Among the challenges cited was communication. Communication is

important as there needs to be clear communication of objectives and targets. It is also through communication that progress is reported and gaps are identified and areas of improvement. Other challenges encountered are unanticipated major problems, ineffective coordination of activities, poorly defined tasks and inadequate information systems to monitor performance.

The organisation also faces the challenge of prioritisation of targets. The organisation sets performance targets every financial year. The targets are further cascaded to employees. Prioritising the targets to ensure they are all achieved by the end of the financial year is usually challenging. In addition the organisation faces the challenge of delays in implementation of planned activities. KASNEB is a state corporation and as such it has to strictly follow the requirements of the Public Procurement and Disposal Act 2005 and Public Procurement and Disposal Regulation 2006. The procedures involved in procuring goods and services at times lead to delays in implementation of some activities.

The interviewees also reported that the organization is still working on an organization structure that supports the corporate strategic plan. In addition external factors such as government policies pose a challenge in strategy implementation. Finally strategic objectives set in the corporate strategic plan are not smart and are therefore being revised to ensure they are specific, measurable, achievable, realistic and time bound.

4.5 Discussion of Results

This section discusses the findings of the research by comparing them with existing literature.

4.5.1 Comparison with Theory

The research found out that involvement of top management was a key practice. According to Hrebiniak and Snow (1982) the process of interaction and participation among top management leads to greater commitment to the firm's goals and strategies. This in turn serves to ensure the successful implementation of the firm's chosen strategy. The research also revealed that some functions are outsourced so as to achieve strategic goals. Some functions can be outsourced if they can be done more cost effectively by other providers (Pearce II and Robinson Jr, 2011).

The findings of the research also reveal that all divisions and units develop annual work plans. Action plans specify the functional tactics and activities that will be carried out in the next week, month or quarter (Pearce II, Robinson Jr. and Mital, 2010). The action plans specify timeframe for completion and identify who is responsible for each action in the plan. This accountability is important as it ensures action plans are acted on.

Results of the study also reveal that there is frequent monitoring and evaluation. According to Thompson Jr, Strickland III and Gamble (2007), monitoring and evaluation of company's progress helps determine whether there is need to change the company's vision, objectives or strategy execution methods. Provided company's direction and strategy seem well matched to industry and market conditions and performance targets are being met, management can maintain the course.

Among the challenges faced by KASNEB are delays in communication. Communication is important as it ensures that objectives and targets are communicated to all staff, feedback is given and gaps and areas of improvement are communicated on time. Hrebiniak (2006) identified the same challenge where

strategy implementation is an obstacle to many organisations as they fail to communicate the strategy across different functions. Similarly, Alexander (1985) carried interviews with 21 presidents and 25 governmental agency heads and found out that communication is mentioned more frequently than any other single item promoting successful strategy implementation. The communication entails new responsibilities, tasks, and duties that need to be performed by the affected employees. It also includes why job activities have changed and more fundamentally the reason why there is a new strategic decision.

The research also reveals that KASNEB experiences the challenge of delays in implementation of planned activities in strategy implementation. Alexander (1985) found that ineffective coordination of activities as well as distractions from competing activities inhibited strategy implementation. The findings revealed other challenges including unanticipated major problems, ineffective coordination of activities, poorly defined tasks and inadequate information systems to monitor performance. According to Alexander (1985), these are among the ten most frequently occurring strategy implementation problems. Similarly Al-Ghamdi (1998) identified similar challenges among them ineffective coordination of implementation activities and lack of proper definition of key implementation tasks. Further, Wheelen and Hunger (2008) carried out a survey of 500 firms and it revealed that among the problems experienced were activities been ineffectively coordinated and competing activities and crises taking attention away from implementation.

In order to achieve the strategic goals as detailed out in the corporate strategic plan, KASNEB sets targets every financial year. Sometimes prioritising the targets is a challenge. Wessel (1993) identified the same challenge of having too many and conflicting priorities.

The organization is still working on an organization structure that supports the corporate strategic plan. Chandler (1962) defines strategy as determining the long term goals and objectives of an enterprise, adopting courses of action and allocating resources necessary to achieve those goals. He defines structure as the organization's design through which the business is administered including the lines of authority and communication. Chandler (1962) did a study and stated that a long term coordinated strategy was necessary to give a company structure, direction and focus. Hence structure follows strategy.

Finally, objectives are revised to make them smart (specific, measurable, achievable, realistic and timely). Smart objectives help channel employees throughout the organization toward common goals (Gregory, Lumpkin and Marilyn, 2005).

4.5.2 Comparison to other empirical studies

One of the objectives of the study was to determine how strategy implementation is done at KASNEB. Management commitment, preparation of an implementation plan and regular reviews were found to be important practices in strategy implementation. This supports findings by Wambua (2012) who conducted a research on strategy implementation at Balozi Sacco Society Limited in Kenya. According to Hrebiniak and Snow (1982) the process of interaction and participation among top management leads to greater commitment to the firm's goals and strategies.

The findings of the research also reveal that all divisions and units develop annual work plans. Action plans specify the functional tactics and activities that will be carried out in the next week, month or quarter (Pearce II, Robinson Jr. and Mital, 2010). The action plans specify timeframe for completion and identify who is

responsible for each action in the plan. This accountability is important as it ensures action plans are acted on.

The findings of the research reveal that KASNEB uses an implementation matrix. The matrix shows the strategic objectives, responsibilities, the corresponding strategies, the activities to be carried out by each function and the timelines for carrying out the activities. This supports findings by Onyango (2012) who did a research at Kenya Bureau of Standards on strategy implementation practices found out that they also prepare an implementation matrix. Strategy implementation entails establishment of programs that create a series of new organizational activities, budgets to finance new activities and procedures to handle the day-to-day details (Wheelen and Hunger, 2008).

Results of the study also reveal that there is frequent monitoring and evaluation. This supports findings by Onyango (2012). According to Thompson Jr, Strickland III and Gamble (2007), monitoring and evaluation of company's progress helps determine whether there is need to change the company's vision, objectives or strategy execution methods. Provided company's direction and strategy seem well matched to industry and market conditions and performance targets are being met, management can maintain the course.

Several challenges are encountered during strategy implementation. The findings reveal the challenges as delays in communication, delays in implementation of planned activities and prioritisation of targets, unanticipated major problems, ineffective coordination of activities, poorly defined tasks and inadequate information systems to monitor performance.

Wheelen and Hunger (2008) in a survey of 93 fortune 500 firms revealed that in more than half of the firms they experienced 10 problems which include, implementation taking longer than originally planned, unanticipated problems arising, activities been ineffectively coordinated, competing activities and crises taking attention away from implementation, employees having insufficient capabilities, lower-level employees been inadequately trained, uncontrollable external environment factors, inadequate leadership from department managers, poor definition of key implementation tasks and activities and inadequate information systems to monitor performance. Alexander (1985) identified similar challenges.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

From the data collected and analysis done the following summary, conclusions and recommendations were made. The research was conducted to establish how strategy implementation is done at KASNEB.

5.2 Summary of the Findings

The section gives a summary of the findings generated from data analysis. The summary is based on the objectives of the study. The objective of the study was to establish how strategy implementation is done at KASNEB and the challenges of strategy implementation.

5.2.1 Strategy Implementation at KASNEB

The research reveals that KASNEB is implementing the strategic plan (2012-2017). The corporate strategic plan was formulated through a consultative process where the Board, management, employees and stakeholders were involved. The Board has oversight responsibility on the implementation of the corporate strategic plan whereas the CEO oversees the implementation. The Head of Planning and Strategy Unit has the operational responsibility in overseeing the implementation of strategy. All divisions and units further develop strategies which are aligned to the corporate strategic plan. The development of annual work plans is coordinated by the Head of Planning and Strategy.

The implementation of operational plans is monitored on a quarterly basis by the Planning and Strategy Unit. Hence all divisions and units submit quarterly reports detailing progress of strategy implementation. The status reports highlight the achievements, challenges, lessons learnt and suggestions for continuous improvement. Evaluation is done on a yearly basis through performance contracting where actual performance is measured against set targets for that financial year. The corporate strategic plan is due for a mid-term review after two years and a half.

5.2.2 Challenges of Strategy Implementation

The researcher found out that like many organisations, KASNEB was also experiencing challenges in the implementation of its corporate strategic plan. Among the challenges experienced were delays in communication. Communication is critical to all employees as everyone needs to be aware of the objectives and targets. Communication is also important in giving feedback so as identify areas that need improvement.

The organisation also faces the challenge of prioritisation of targets. Targets are set every financial year. Prioritising the targets to ensure they are achieved by the end of the financial year is a challenge. Other challenges are external factors like government policies and lack of an appropriate organization structure. Finally the organisation faces the challenge of delays in implementation of planned activities, unanticipated major problems, inadequate information systems to monitor performance and poorly defined tasks.

5.3 Conclusions

The research reveals that KASNEB formulates five year strategic plans and is currently implementing the strategic plan (2012-2017). The corporate strategic plan was developed through a consultative process where the Board, management, employees and stakeholders were involved. The implementation of the corporate strategic plan is overseen by the CEO. The Head of Planning and Strategy Unit has the operational responsibility on overseeing the implementation of strategy.

The Corporate strategic plan is cascaded to the various divisions and units through development of their own strategies that are aligned to the corporate strategic plan. They further develop operational plans and the process is coordinated by the Head of Planning and Strategy Unit. Implementation of operational plans is overseen by the respective heads of the divisions and units. The implementation is monitored quarterly and as such all divisions and units submit reports quarterly. The reports give updates on progress of implementation. The corporate strategic plan will be reviewed after two years and a half.

The research further reveals that the organisation faces challenges in the implementation of the corporate strategic plan. The challenges include delays in communication. Communication is an important element as all employees can only fully participate in achieving the set objectives and targets if they are aware of them and the role they play. Further, the organisation faces the challenge of delays in implementation of planned activities and prioritisation of targets.

5.4 Recommendations

The findings of the research reveal that the organisation experiences delays in communication. Communication is an important vehicle for successful strategy implementation. The management should educate the employees on the content, meaning and the reasons for having a new strategy. In addition, they should allow employees to ask questions and to discuss on new tasks and responsibilities. As strategy implementation progresses communication should flow bottom-up to allow management to monitor the implementation process and assess whether there is need to change the approach in strategy implementation.

During the formulation of the corporate strategic plan there was the intention of using a balanced scorecard approach in the implementation of the corporate strategic plan. However it has not being fully implemented. Management should therefore fully implement the use of the balanced scorecard approach so at to reap the benefits which include clarity in the links between implementation of activities and strategic objectives of the organisation. The balanced scorecard can also address strategy implementation challenges such as communication, clarification of priorities and improve coordination across functions.

5.5 Limitations of the Study

The research majored on strategy implementation at KASNEB and the challenges encountered in the implementation. The findings cannot be generalised to other state corporations. The research design of this research was a case study and as a result it sought an in-depth understanding of strategy implementation at KASNEB and the challenges encountered.

In order to conduct the interviews, appointments were sought with the interviewees, however they have busy schedules. It was therefore a challenge to get time to conduct the interviews due to the busy schedules of the interviewees. Nevertheless the interviews were finally conducted and the information sought was given.

The research mainly dealt with internal challenges of strategy implementation. A study on external challenges would have given a general view of the challenges faced. External challenges could have been established by interacting with the customers and other stakeholders. Customers of KASNEB are students registered for the various examinations that it administers.

5.6 Suggestions for Further Research

The study focused on strategy implementation at KASNEB. Further research could be carried on the strategy formulation process and the link to strategy implementation. The objective of such a study would be to find out whether the objectives stated in the strategies are achieved once the strategies are implemented. Many organizations have good strategies but the objectives are not achieved due to poor implementation.

KASNEB is a state corporation and as such it is subject to annual performance contracting. More research could be carried out on the impact of performance contracting on the implementation of the corporate strategic plan. KASNEB has a five year strategic plan and targets set for every financial year are drawn from it. A research could be conducted to establish whether achievement of set targets contributes to achievement of objectives on the corporate strategic plan.

A research of similar state corporations like Kenya National Examinations council can be carried out on how strategy implementation is done and establish whether there

are any similarities. The research would aim at establishing whether there are any similarities in the way strategy implementation is done and whether they face similar challenges in the implementation. This would be useful information to academicians and government in understanding how state corporations are managed.

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APPENDIX 1: INTERVIEW GUIDE

1. What is your position in the organisation?
2. How long have you worked for KASNEB?

3. Formulation of the strategy

- a. How is strategy formulated in the organisation?
- b. What are key factors considered in formulating strategy?
- c. Who is involved in the strategy formulation?
- d. What are the strategic management practices employed at KASNEB?

4. Strategy Implementation process

- a. Describe how you implement strategies at KASNEB.
- b. How do you implement strategy at KASNEB?
- c. Who is the person responsible for overseeing the implementation of strategy?
- d. Is the planning for strategy implementation linked with strategy formulation process? Please explain.
- e. Are members of staff involved in formulation and implementation of the strategy in KASNEB? Please explain.
- f. Does the organization set short-term objectives and who sets them?
- g. Are they achieved within the stipulated time frame?
- h. Are there any rewards for achieving the objectives within the stipulated time?
- i. Does the organization outsource any functions? Does it have a positive contribution to strategy implementation? Please explain.
- j. Do members of the Board participate in the implementation of strategy in the organization?

- k. Does KASNEB consider management commitment to the strategy as an important practice? Please explain.
- l. Are the strategies at KASNEB implemented within the stipulated time?

5. Challenges of Strategy Implementation.

- a. Do you experience any challenges in implementing your strategies? Explain.
- b. Does the level of involvement of staff in strategy formulation affect the implementation process? If yes in what way.
- c. Do you think leadership affects strategy implementation? Please explain.
- d. Does the level of competency among staff affect strategy implementation?
- e. Does communication affect strategy implementation?
- f. What other challenges affect strategy implementation at KASNEB?
- g. Do you undertake frequent monitoring and evaluation of the implementation process?
- h. Do you consider training and building the right implementation skills for all levels as a critical implementation task? Please explain why you think the above is important.
- i. Is the strategy adequately communicated to all staff?

APPENDIX 2



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TO WHOM IT MAY CONCERN

The bearer of this letter Peninah Nyambura Ndlovu

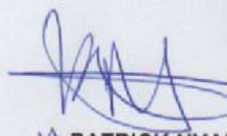
Registration No. 061/75820/2012

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.


✓ **PATRICK NYABUTO**
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

