LEADERSHIP, CULTURE, RESOURCES, STRATEGY IMPLEMENTATION AND ORGANISATION PERFORMANCE: MODERATING EFFECTS OF A CHANGING OPERATING ENVIRONMENT

BY

AGNES GITAH1
D80/80281/09

AN INDEPENDENT CONCEPTUAL STUDY PAPER SUBMITTED TO THE SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION

MAY 2012
DECLARATION

This independent paper is the result of my original work and it has not been presented to any other college, institution or university for examination.

Signed: .................. Date: 22/5/2012

Agnes Wangari Gitahi
(D80/80281/2009)
Department of Business Administration
School of Business, University of Nairobi

SUPERVISOR

This independent paper has been submitted with my approval as the student’s supervisor.

Dr. Zachary B. Awino, PhD
School of Business
University of Nairobi
Signed: .................. Date: 31/07/2012
TABLE OF CONTENTS

Declaration................................................................................................................................................ii

**Section One: Introduction** ..................................................................................................................1

1.1 Background ........................................................................................................................................1

1.1.1 Organizational Leadership ......................................................................................................1

1.1.2 Organizational Culture.............................................................................................................3

1.1.3 Organizational Resources .......................................................................................................5

1.1.4 Organizational Leadership, Culture and Resources...............................................................7

**Section Two: Organizational Performance** ..................................................................................9

**Section Three: Strategy Implementation** .....................................................................................12

**Section Four: Operating Environment** .......................................................................................14

**Section Five: Organizational factors and Strategy Implementation** ........................................16

**Section Six: Organizational factors and Operating Environment** .............................................18

**Section Seven: Operating Environment, Strategy Implementation And Organizational Performance** .................................................................................................................................20

**Section Eight: Conceptual Framework** .......................................................................................24

**Section Nine: Conclusions and Emerging Issues** .........................................................................25

9.1 Conclusions .....................................................................................................................................25

9.2 Emerging Issues for Strategic Management Research..............................................................26

**REFERENCES** ....................................................................................................................................29
LIST OF TABLES

Table 3. Gaps in Knowledge.................................................................23
LIST OF FIGURES

Figure 1: Action-Centered Leadership Interaction Model .......................................................... 2
Figure 2: Conceptual model ........................................................................................................ 24
SECTION ONE: INTRODUCTION

1.1 Background
The paper intends to review the literature and empirical studies relevant to organizational leadership, culture, resources and strategy implementation on organizations’ performance. There is a close continuous interaction between the business and its environment. The aim is to assess the gaps in the literature regarding the relationships among these concepts. There are still unclear issues about the application of strategic implementation and organization performance. Resources though critical in strategy implementation process are variable in nature. The analysis may lead to a pointer on fundamental issues behind strategy performance in business. The researcher analyses empirical studies and identifies gaps of knowledge for further research. A conceptual framework to guide the study will be developed with reference to emerging issues in modern organizations.

1.1.1 Organizational Leadership
Leadership is the ability of an individual to influence, motivate, and enable others to contribute towards the effectiveness and success of the organization of which they are members. Simonton (1994) speaking on leadership in general, defines a leader as a group member whose influence on group attitudes, performance, or decision making greatly exceeds that of the average member of the group. Leadership is an influential process of getting people to do things differently. According to Selznick (1957), leadership sets goals, but in doing so takes account of the conditions that have already determined what the organization can do and to some extent what it must do.

A leader plays several roles such as chief entrepreneur, chief administrator, crisis solver, task manager, figurehead, spokesman, resource allocator, negotiator, motivator, advisor, inspirationalist, census builder and policy maker (Thompson. & Strickland, 1989). As such a leader has to balance between being authoritarian, perceptive listener, and compromising decision maker and strongly participative at times. A review of the leadership theories reveals an evolving series of 'schools of thought' from "Great Man" and "Trait" theories to "Transformational" leadership. Whilst early theories tend to focus upon the characteristics and behaviors' of successful leaders, later theories begin to consider the role of followers and the contextual nature of leadership.
Each of these theories takes a rather individualistic perspective of the leader, although a school of thought gaining increasing recognition is that of “dispersed” leadership. This approach, with its foundations in sociology, psychology and politics rather than management science, views leadership as a process that is diffuse throughout an organization rather than lying solely with the formally designated ‘leader’. The emphasis thus shifts from developing ‘leaders’ to developing ‘leaderful’ organizations with a collective responsibility for leadership, (Bolden et al. 2003) Adair’ (1973).

Action-Centered Leadership Model is of relevance here: The model states that the action-centered leader gets the job done through the work team and relationships with fellow managers and staff. According to Adair’s explanation an action-centered leader must direct the job to be done (task structuring), support and review the individual people doing it and co-ordinate and foster the work team as a whole.

Figure 1: Action-Centered Leadership Interaction Model

Source: Adair, 1973

Adair’ (1973), three circle diagram (supported by Perren and Burgoyne. 2001 model) is a simplification of the variability of human interaction, but is a useful tool for thinking about what constitutes an effective leader/manager in relation to the job he/she has to do. The effective leader/manager carries out the functions and exhibits the behaviors’ depicted by the three circles. Situational and contingent elements call for different responses by the leader. Hence imagine that the various circles may be bigger or smaller as the situation varies, that is, the leader will give more or less emphasis to the functionally-oriented behaviors according to what the actual situation involves. The challenge for the leader is to manage all sectors of the diagram above.
The team leadership will play an indispensable role. They must be both sponsors and champions of strategy management processes (Bryson, 1995). They must find ways to resolve the inevitable problems and issues that arise and keep the process and participants moving. According to Schein, (1985), leaders must demonstrate their commitment by discussing all groups’ decisions making processes in terms of their relationship to strategic aims. They must be present and actively involved in all strategic processes. The questions the team must always ask is “How does this (processes, product, service) help us achieve our long term strategic goal?” (Vinzant & Vinzant, 2009).

In the public sector, the leadership team of stakeholders must reiterate time and time again that it is committed to the long term future of the people as a vehicle to achieving strategic ends. They will come to an initial agreement about the intended purpose and desired level of implementation, identify the approach that will be taken, develop common vocabulary and understanding and accept its leadership responsibilities in the process. (Bruton & Hildreth 1993). Some management styles are incompatible with strategic management such as political style or an overly passive style. Extreme political leaders have difficult time embracing strategic aims because decisions are motivated by the desire to appease the different stakeholders whom they interact with. They are also concerned with short term issues and not with making decision that are in the interest of the larger group (in the long run) such as promoting overall development for all. This management style is reactive, preferring to wait and see what happens before making decision (Koteen 1991)

1.1.2 Organizational Culture

This refers to the specific collection of values, norms, beliefs and attitudes shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization (Hill & Jones, 2006). According to Galbraith (1993) a critical influence on a firm’s ability to execute strategy is the firm’s people and culture they create and perpetuate. Implementing and executing a chosen strategic plan involves moving the whole organizational culture into alignment with strategy. Aosa E. (1992) agrees that it’s important that the culture of a company be compatible with the strategy being implemented. Accordingly to Thompson and Strickland (1989) advance that, it is the strategy maker’s responsibility to choose a strategy that is compatible with the “sacred” or unchangeable parts of the prevailing culture.
Joanne Martin (2002) describes the potential usefulness of an awareness of different perspectives on organizational culture. She suggests that cultural research fills a void—offering the promise of clarity and unity in a confusing and ambiguous world. Culture offers a way to capture and express complexities central to everyday life in organizations (Martin, 2002). Culture influences the selection of people in particular jobs, which in turn affect the way the tasks are carried out and the decisions made (Sababu, 2007). It also provides a set of focal points for decision making and it needs to provide models for effective questioning and experimentation.

Alvesson (2002) uses the concept of culture as a lens through which to view an organization. He believes that a cultural focus offers an inspiring and potentially creative way of understanding organizations, management and working life. Generally, he regards shared meanings as profoundly important for coordinated action, interaction and wise action taking. Specifically, he asserts that a study of culture can result in more effective managerial action, for example counteracting taken-for-granted beliefs and values that limit personal autonomy, such as gender bias. He concludes that cultural management is not an engineering of minds, but is an interactive, interpretive enterprise aimed at eliminating contention.

Denison et al (2006) argues that organizational culture researchers have long debated whether cultures can be compared and measured (Denison, 1996; Hatch, 1993; Hofstede, Neuijen, Ohayv, and Sanders, 1990; Martin, 1992; Schein, 1992). Some researchers have concluded that the “deeper” levels of culture such as symbolic meaning, semiotics, and underlying beliefs and assumptions are not subject to comparative analysis and are best understood through clinical or ethnographic methods (Schein, 1992; Van Maanen, 1988). Other culture researchers, have acknowledged the limitations of comparative research for understanding the deeper levels of culture, and have persisted in the development of systematic approaches to comparative measurement. For example, one of the first approaches to be developed (Cooke & Lafferty, 1989; Cooke & Rousseau, 1988) created a published instrument, the Organizational Culture Inventory, which was based on perceptions and expectations regarding behavioral norms. This approach identified twelve cultural styles in three categories: constructive styles, passive/defensive styles, and aggressive/defensive styles.
A second approach to the comparative measurement of organizational culture has grown from the work of Hofstede (1980) on national differences in work practices. Working from the set of items and dimensions developed in cross-national research, Hofstede, Bond, and Luk (1993) and Hofstede, Neuijen, Ohayv, and Sanders (1990) have developed a set of six dimensions of organizational culture from a study of twenty Dutch and Danish firms. Their dimensions included process vs. results orientation, employee vs. job five orientations, parochial vs. professional orientation, open system vs. closed system, loose vs. tight, and normative vs. pragmatic.

Comparative measures of organizational culture have also been developed by researchers interested in the socialization and selection of new employees (Chatman, 1991; O’Reilly, Chatman, & Caldwell, 1991). This line of research identified eight dimensions of culture (innovation, attention to detail, outcome orientation, aggressiveness, supportiveness, emphasis on rewards, team orientation, and decisiveness) that were used to assess person organization fit in a public accounting firm. This method was used to predict the level of satisfaction of new employees and the likelihood that they would leave the firm. Each of these approaches grew out of a specific research agenda and defined the relevant dimensions of culture in a way that served that research agenda. Each of them also made important contributions to their own line of research and helped to shape the research that followed. Ashkanasy et al (2000), have presented an extensive review of eighteen survey measures of organizational culture that shows a wide range of approaches. Sparrow. (2001) helped to explain differences in the performance and effectiveness of organizations by focusing specifically on the issue of organizational culture and organizational effectiveness and developing an approach to understanding stakeholders’ culture. The model and method introduced in this paper follows a similar process but also attempts to link culture to other organizational factors.

1.1.3 Organizational Resources

A resource is a relatively observable, tradable asset that contributes to a firm’s market position by improving customer value or lowering cost or both (Galbraith, 1993). For a resource to be able to provide an economic advantage then it must be difficult for competitors to imitate it or neutralize through it substitution (Wernerfelt, 1984). A ready willingness to shift resources in support of strategic change is very critical to strategy implementation process.
Harvey (1988) states that operating level must have the resources needed to carry out each part of the strategic plan. This includes having enough of the right kinds of people with right attitudes and having enough operating funds for them to carry out their work. How well a strategy implementer ties the resources directly to the needs of strategy can, quite clearly, either promote or impede the process of strategy acceptance and adoption.

In Barney (1991), firms' resources include all assets, capabilities, organizational processes, firm's attributes, information, knowledge, and technological skills are controlled by a firm that enables the firm to conceive and implement strategies to improve its efficiency and effectiveness. Barney (1991) further argues that to have the potential to generate competitive advantage, a firm's resource must have four attributes: (a) it must be valuable, in the sense that it exploits opportunities and/or neutralizes threats in a firm's environment; (b) it must be rare among a firm's current and potential competition; (c) it must be imperfectly imitable; and (d) there cannot be strategically equivalent substitutes for this resource.

The resource-based view (RBV) of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage which eventually leads to superior firm's performance (Wernerfelt, 1984, 1995; Dierickx and Cool, 1989; Barney, 1991, 1995, 2001a, 2001b; Peteraf, 1993; Chaharbaghi and Lynch, 1999; Fahy, 2000; Priem and Butler, 2001a, 2001b; Miller and Ross, 2003; Morgan et al., 2004; King, 2007; Sirmon et al., 2007; Ainuddin et al., 2007). Wernerfelt (1984), in his study of resources and returns, explores the usefulness of analyzing firms from the resource side rather than from the product side. He concludes that resources such as brand names, technology, skilled personnel, trade contacts, machinery, efficient procedures and capital are the foundation for attaining and sustaining competitive advantage position. In addition, Dierickx and Cool (1989) argued that sustainability of competitive advantage and firm's asset position depend on how easily assets can be imitated or substituted. They stress that the relationship between resources and competitive advantage are significantly influenced by elements such as asset stock, time compression diseconomies, asset mass efficiencies, interconnectedness, asset erosion and causal ambiguity.
The main tenets of resource dependence are the significance of environmental sensitivity for understanding how an organization operates (Pfeffer and Salancik, 2003) and the role resource owners and other stakeholders have in determining performance, (Atkinson and McCrindell. 1997) According to Katz and Kahn (1978), an organization’s behavior is closely related to the forces that stem from the environment it operates within. Therefore, strategy performance in an organisation can only be understood by taking into account the relationship between organizational factors and environmental interactions.

1.1.4 Organizational Leadership, Culture and Resources

Doolen et al (2006), found significant and positive linear relationship between team leader effectiveness and team satisfaction and that culture that supports communication and cooperation among team members. Organizational culture in particular, matters because cultural elements determine strategy, goals and mode of operating. The values and thought patterns of leaders and senior managers are particularly determined by their cultural backgrounds and their own shared experience. If we want to make more efficient and effective then we must understand the role that culture plays in an organization life.

In the modern age good leaders are an enabling force, helping people and organizations to perform and develop, which implies that a sophisticated alignment be achieved - of people's needs (resources), and the aims of the organization. Effective leadership does not necessarily require great technical or intellectual capacity. These attributes might help, but they are not pivotal. Good leadership in the modern age more importantly requires attitudes and behaviors which characterize and relate to humanity.

Leadership is centrally concerned with people. Of course leadership involves decisions and actions relating to all sorts of other things, but leadership is special compared to any other roles because of its unique responsibility for people, that is the followers of the leader - in whatever context leadership is seen to operate. Many capabilities in life are a matter of acquiring skills and knowledge (resource) and then applying them in a reliable way to accumulate wealth. Leadership is quite different. Good leadership demands emotional strengths and behavioral characteristics which can draw deeply on a leader's mental and spiritual reserves.
Resources are both tangible elements, for example, facilities, raw materials, equipment) and intangible elements, that is, culture, communication, and leadership) and have an important role in creating an organization's value. However as the industrial society becomes a services society, where knowledge and information are the mainstays of business growth, the importance of intangible resources will come increasingly to the forefront' (Canals, 2000). In comparison with tangible elements, intangible elements such as organizational culture are less flexible (Chatterjee and Wernerfelt, 1991). hard to accumulate, and not easily transferred: they can affect multiple uses at the same time, serve simultaneously as inputs and outputs of corporate activities (Itami with Roehl, 1987) and are not consumed when in use (Collis and Montgomery, 1998; Teece, 2000). This suggests that a firm's superior performance depends on its ability to defend and use the intangible assets it creates, such as, skills, knowledge). According to Hitt et al. (2001), 'intangible resources are more likely than tangible resources to produce a competitive advantage, and hence raise performance to greater heights'.

Leadership, culture and resources are interrelated. Perren and Burgoyne 2001 developed three generic categories model: thinking abilities (think strategically), people abilities (manage self, manage and lead people, lead direction and culture, manage relationships), task abilities (manage information, manage resources, and manage activities and quality). Organizations are viewed as systems of core, elaborating, independent, and inconsistent elements and the interconnections among all or part of these elements (Siggelkow, 2002). The elements denoting resources, activities, processes, and policies are essential for the viability of the organization.

Although studies that have examined the core concepts of the resource-based view (RBV), have generally used three main constructs—resources, capabilities, and competencies (Javidan, 1998), they have tended to refer to those that are core to the organization in the sense of contributing to differentiating it strategically from its rivals (Leonard-Barton, 1992). In this study the researcher uses the construct of strategic organizational element (resource) to refer to a special type of element which is unique technologically and aims to improve the productivity of the organization independently or through a process of interacting with culture and leadership as suggested by Makadok, 2001),
The term ‘organizational performance’ is used comfortably in three time senses - the past, present, and the future. In other words, performance can refer to something completed, or something happening now, or activities that prepares for new needs, (Lusthaus et al 2000). Profitability, for example, is often regarded as the ultimate performance indicator, but it is not the actual performance, (Birkin & Woodward, 19970). The actual performance occurred sometime back - first with decisions and then the actions that followed the decisions. Profit is therefore an indicator of previous performance. In this sense, performance is the outcome or ‘end’. If you are also interested in current behaviors that are associated with good or high performance, then you must identify and assess them as they occur. These behaviors start with the strategic planning process and continue into implementation, monitoring and assessment. In this sense, performance is the ‘activity’ or ‘means’.

Organizations are also interested in predictors of performance - conditions and behaviors that have been shown over time to lead to better performance. In this sense, performance is a package of behaviors around strategic planning and programming. In other words, organizational performance is a complex topic that cannot be addressed by the annual financial report only, (Lusthaus et al 2000). Profit is a significant and valid aspect of good performance, and many managers in the private sector used profitability for understanding organizational performance, and began to define their purpose, above all, in terms of monetary gain. In government and non-profit organizations, however, ideas about what constitutes good performance were not as clear.

In the beginning of 1940s, more abstract and generic conceptions of performance began to emerge in the discourse on organizational performance (Likert, 1957). Gradually, concepts such as effectiveness, efficiency and employee morale gained ground in the management literature and, by the 1960s, were considered major components of performance (Campbell, 1970). Managers understood an organization to be performing well if it achieved its intended goals (effectiveness) and used relatively few resources in doing so (efficiency) In this context, profit became just one of several indicators of performance. Thus, prevailing theories expected performing organizations to both meet their goals and to do so within reasonable resource parameters (Campbell, 1970).
Gradually, the presence and contribution of those doing the work—people—emerged. The conceptualization of people as an organizational resource gained ground (Levinson, 1972). As a result, approaches appeared that aimed at shedding light on the potential impact of human resources on organizational performance. For example, Rensis Likert (1957) pioneered the use of survey methods to diagnose organizations. Likert’s theory assumes that participatory management practices lead to higher organizational performance. In this context, surveys were used to capture data on employee perceptions of a variety of organizational management practices such as leadership, communication and decision-making.

In the process of looking for better ways to understand and assess organizations, business and systems analysts created a variety of concrete cost accounting tools and techniques for helping managers understand financial performance. These included planning program budgeting systems and zero-based budgeting. Similarly, social scientists began to explore the different human and interpersonal factors that can influence organizational performance, such as problem solving, teamwork, morale, communication, innovation and adaptation. As a result of these evolving efforts to analyze organizational success, several core practices to enhance performance emerged in the late 1970s and early 1980s. In turn, these gave rise to further approaches to diagnosing organizations (Kilmann and Kilmann, 1989). By exploring organizational aspects other than effectiveness and efficiency, practitioners began to recognize the importance of stakeholders—clients, staff, customers and suppliers—in the performance equation (Peters and Waterman, 1982; Walton, 1986).

By the 1990s, ways to describe organizational performance and the factors associated with it in the governmental, private and non-profit sectors were clearly more holistic and comprehensive (Harrison, 1987; Osborne and Gaebler, 1992; Scott and Meyer, 1994).

Recent approaches to organizational performance comprise the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (for example, profits, return on assets, return on investment); (b) product market performance (for example, sales, market share); and (c) shareholder return (for example, total shareholder return and economic value added). The term Organizational effectiveness is broader. Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal, and organizational development. In recent years, many
organizations have attempted to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as: financial performance (that is, shareholder return), customer service and social responsibility, (for example, corporate citizenship, community outreach). Researchers should attempt to adopt a multivariate approach in which a bundle of intangible and tangible organizational elements and the interactions among them are examined for their effect on strategy performance.
SECTION THREE: STRATEGY IMPLEMENTATION

The word strategy more often than not has been overused, abused and perhaps under-understood. Mintzberg, Quinn and Ghoshal (1998) pointed out that people use strategy in several ways, the most common being these forms: strategy as a plan, a how, a means of getting from here to there. Strategy is a pattern in actions over time, strategy is a position; that is, it reflects decisions to offer particular products or services in particular markets. Strategy is perspective: that is, vision and direction.

Different scholars have given different definitions for the word “strategy”. Early scholars such as Chandler (1962) defined strategy as determination of the basic goals and objectives of an enterprise, the adoption of the courses of action and allocation of resources necessary to carry out these goals. “Corporate strategy is a pattern of decisions in a company that determines and reveals it’s objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be and the nature of economic and non-economic contribution it intends to make to its shareholders, employees, customers and communities” (Andrews, 1980).

According to Ansoff (1990), strategy is a set of decisions making rules for guidance of organizational behavior. It is a multidimensional concept that embraces all the critical activities of the firm providing it with a form of unity, direction, and purpose as well as facilitating the necessary changes induced by its environment, Hax & Majluf, (1996). As such it looks at the entire firm and specifies the firm’s overall approach to achieving its mission and objectives (Wheelen and Hunger, 1989). According to Aosa (2000) strategy deals with both the internal and external dimensions of an organization; where the external environment is changing constantly, this creates pressure for internal organizational changes so that success can be achieved.

Pearson and Robinson (1997) stated that balancing the temporal aspects of strategic planning requires the use of dual strategies simultaneously. Strategies exist at different levels in an organization and are grouped into corporate, business and operational strategy. The corporate strategy is the highest in the sense that it is the broadcast, applying to all parts of the firm and gives direction to corporate values, corporate structure, corporate goals and corporate mission (Andrews). Even though some scholars like Ansoff, (1984), describe strategy as being an elusive and somewhat
abstract concept its importance to management makes it very crucial to the success of every organization’s future, the present posture of organizations, developing superior strategy and competent implementation of strategy. According to Andrews K. (1982) strategy will evolve over time no matter what and it will be affected by the consequences of its implementation. This notion of strategies being futuristic is supported by Miles and Snow (1978) who suggested that, over time, strategies are self-reinforcing such that executives tend to choose innovative options in the future which are a reflection of the ingrained character of the prospector strategy as volition of the executives.

Poister and Streib (2009) advanced that Strategic management is concerned with strengthening the long term viability and effectiveness of organizations in terms of both policy and management capacity. Strategic management is integrative in nature in the sense of focusing attention across functional divisional and throughout organizational levels on common goals, themes and issues, tying internal management process and program initiative to desired outcomes in the external environment and linking operational technical day-to-day decision to longer run strategic choices.

Effective strategy implementation capacity is essential for maintaining or strengthening the fit between the organization and its external stakeholder and managing for result within a clearly defined context of mission, mandates, value and vision. Vinzant and Vinzant (1996a) refocused appropriate attention on the role of strategic management in the public sector and discussed implementation issue and strategies in an instructive manner. Managing strategically in government is an ongoing rush of activities, competing demand for attention, and the pressure of day-to-day decisions, focusing on viable and responsive strategy agenda as central source of direction, initiatives and priorities.
SECTION FOUR: OPERATING ENVIRONMENT

Organizations do not exist in a vacuum: Each organization is set in a particular environment to which it is inextricably linked. This environment provides multiple contexts that affect the organization and its performance, what it produces, and how it operates (Nabli and Nugent, 1989). The enabling environment is made up of the administrative, technological, political, economic, socio-cultural, and stakeholder factors (Lusthaus, et al, 1995). Organizations need to be able to diagnose the enabling environment, and also build competence to both influence and adapt to it as that environment evolves. (Savedoff, 1998). In this dynamic context, organizations and the groups that comprise them are constantly trying to adapt, survive, perform and influence. Sometimes they succeed, and sometimes they do not.

Successful efforts to implement strategic management must address a complex mix of internal and external factors. The interaction of both the internal and external factors ultimately determines the success or failure of strategy implementation efforts. They include organizational autonomy and existence of stimuli (external environmental factors) and among others, human behavior, structural design, experience and process design in the internal environment. The concept of organizational autonomy is important in understanding the dynamic relationship between the organization and their internal environments (Katz, 1986; Lawrence & Lorsch, 1967; Pfeffer & Salanick, 1978; Thompson, 1967). It is also critical in analyzing an organization’s capacity to successfully implement a strategy. For example, organizations that depend on other organizations in their environment for resources (technological or financial resources) have a low degree of autonomy relative to other organizations.

Organizational autonomy may be viewed as self-directing freedom or independence. Although autonomy is recognized as an essential condition for successful implementation in private organizations, it is not typically found in public sector organizations. In fact, Nutt and Backoff (1992) pointed out that external constraints make strategic management ill-suited to the public sector. The significance of organizational autonomy in the implementation of strategic management in the public sector also is supported by at least one empirical study (Boschken, 1988). Boschken found that “a major determinant of performance was the degree of organizational autonomy provided by elected officials”
The existence of a stimulus in the organization’s environment is the second external factor influencing implementation. Although crisis is always viewed as having negative impacts on the effective functioning of organizations, the lack of external stimuli can be a significant impediment to organizational change efforts. Conversely, the existence of external stimuli may provide an essential motivational factor that facilitates organizational change efforts. With strategic management, external stimuli or changes are generally assigned to two categories: (a) threats and (b) opportunities (Bryson, 1995; Nutt & Backoff, 1992). Despite the disruption threats often cause in organizations, they are the only motivator powerful enough to generate sustained change on a large scale in complex organizations. A threat may be an initial stimulus that calls into question of existing management values and practices. The result is often a search for new management approaches (Boschen, 1988). Less often discussed than threats, are the opportunities available to the organizations (Bryson, 1995). Opportunities often go unnoticed because they generally do not demand the attention of organizational leaders.

Leaders can, however, use the existence of opportunities to create a new vision for their organization (Nutt & Backoff, 1992). The presence of opportunities or threats in the environment provides a motivational factor for the organization that significantly enhances the possibility of initiating and maintaining the implementation of strategy. Environments have been viewed as key contingency variables for relationships between strategy and performance. Yet the nature of this contingency relationship has not been resolved whether environments modify its form or its strength on the relationship between strategy and performance. Researchers conceptualized environment as one of the key constructs for understanding organization behavior and performance (Hofer and Schendel, 1978; Lenz and Engledow, 1986). In many businesses environment moderate relationships
SECTION FIVE: ORGANIZATIONAL FACTORS AND STRATEGY
IMPLEMENTATION

Organizational factors such as leadership, culture and resources are important component to strategy implementation. Mintzberg (1994) argued that successful strategy implementation is linked to the characteristics, orientation and actions of the strategist who is a leader. This position is also held by theorists of the Carnegie school, Hambrick and Mason (1984,) and March and Simon (1958) that strategic choices have a large behavioral component which to some extent reflect the idiosyncrasies’ of decision makers. The way therefore a leader chooses to lead the implementation process can be seen as a reflection of their managerial backgrounds. A major role of leadership within any organization is to create a fit, an appropriate strategy-culture fit (Kazmi, 2002). This argument is supported by Thompson A. and Strickland A. (1989) who noted that a leader should lead in way to create a more strategy supportive work climate with particular emphasis on culture. The leader has to be sensitive to the interaction between the necessary changes to implement the new strategy and compatibility or a fit between those changes and the firm’s culture.

The changes associated with the successful implementation of strategy depend on knowledgeable committed leadership. Nut and Backoff (1992) advices that public organization of the future must create a process of continuous change in which leaders take an active role encouraging creativity and innovation. Transformational leadership models in particular complement the role required of senior executives in using strategic approach. Bennis et al (1978) contends that transformational leadership places responsibility for establishing organizational values and direction on leaders of organization. These leaders poses the ability to help the organization develop vision of what it can be, possess the ability to mobilize the organization to accept and work toward achieving the new vision and institutionalize the changes that must last over time (Tichy and Ulnch, 1984).

For transformed leadership there must be continuity in leadership roles. Continually changing strategic direction adversely affect the organization by confusing all its stakeholders especially its employee and customer. Hax (1990) and Bryson (1995) noted that strategic planning should not be undertaken in an organization where recently has been a turnover in leadership position. In short continuity and a low degree of senior executive turnover together with leadership commitment to the process, enhances the likelihood of successful implementation. An organizational leadership that
does not work forward to influencing the future will short circuit the implementation of strategic management approach (Koteen, 1991). It is also important that the management leadership have an external orientation (Bruton & Hildreth, 1993) and an open managerial perspective to cope with certain uncertainly and permanent temporariness (Golembiewiski & Kiepper, 1976). Therefore transformational leadership is the major focus for this study. To be successful strategic management process must become embedded in a strong culture of values (Koteen, 1991) of all stakeholders. The value of strategic management preserve an organization capacity for choice making, team work, creativity and commitment in accomplishing organization goals. Given its impact on organizational culture the successful implementation of strategic management depends on the extent to which the existing culture can be changed to accommodate its values (Vinzant & Vinzant, 1993).

Understanding the dynamic of culture is therefore a requisite component of successful implementation effort. Responsibility for management of an organization culture fall squarely on the shoulders of its leaders (Schein, 1985). In addition, effective changes in an organization culture only occur if organizations are provided with an extended period of time to incorporate them (Lawler, 1986). Strategists contemplating the implementation of strategy must examine their organizational culture prior to implementation.

Miles and Snow, (1978), among others, argue that strategy content is an important influence on organizational performance. Their typology, applied recently to public organizations in the United Kingdom, divides strategic actors into four general types: prospectors, defenders, analyzers, and reactors. The strategic action will be determined by leadership, organizational culture and resources available for strategy implementation. While the mission statement formally articulates organizational purpose, it is the organization’s culture that gives life to the organization and helps make the realization of its mission possible. The concept of organizational culture has been the focus of much attention, with analysts associating it with superior corporate performance (Peters and Waterman, 1988), increased productivity (Ouchi, 1981), improved morale, and high rates of return on investment. In an interview with the Harvard Business Review (Howard, 1990), the president of Levi Strauss stated that the soft stuff and the hard stuff are becoming increasingly intertwined. A company’s values—what it stands for, what its people believe in—are crucial to its competitive success. Indeed, values drive business.
SECTION SIX: ORGANIZATIONAL FACTORS AND OPERATING ENVIRONMENT

Organizational factors such as leadership, culture and resources are influenced by operating environment. To execute strategy is to execute change at all levels of an organization (Hrebiniak, 2005). This makes it a concern for leadership when implementing a strategy, especially if it involves a major change, that right leaders be in the right positions to facilitate execution of the new strategy. Thompson and Strickland (2007) noted that the leadership challenge therefore is to galvanize commitment among people within the organization as well as stakeholders outside the organization to embrace change and implement strategies intended to competitively position the organization. Leaders therefore act as change agents who should be able to cope up with potentially conflicting ways in what Peters and Waterman (1982) refer as a ‘master of two ends of spectrum’.

According to Thompson and Strickland (2003), one of the keys to successful strategy implementation is for management to communicate the case for organizational change so clearly and persuasively to organizational members so that there is determined commitment throughout the ranks to carry out strategy and meet performance targets. Strategies tend to evolve over time owing to the radical changes in the external environment. The strategies therefore have to be adjusted to adapt to the dynamic environment as well as to be realized within the prevailing conditions. A strategy leader also needs to deal with company politics when implementing strategy because internal political considerations impact on decisions affecting organizational performance.

Schein (2004) asserts that an understanding of organizational culture will enable an organization to manage effectively, to deal with growth and diversity, to cope with change and to lead effectively. Schein’s (1999) further emphasizes that culture is important because it is a powerful, latent, and often unconscious set of forces that determine both our individual and collective behaviour, ways of perceiving, thought patterns, and values. Organizational culture in particular matters because cultural elements determine strategy, goals, and modes of operating. The values and thought patterns of leaders and senior managers are partially determined by their own cultural backgrounds and their shared experience. Understanding how leaders create culture and how culture defines and creates leaders, illuminates leadership—a critical variable in defining success or failure.
Another strategic issue for the survival of an organization is the acquisition of resources in the vital areas of funding, technology, infrastructure and personnel. Strategic leader must adequately pursue these resources by anticipating and capitalizing on opportunities in the external environment that might yield or support them. It also means predicting threats to organizational resources and intervening (politically, in general) to ensure that organizational performance and survival are safeguarded (Korey, 1995). This level of leadership and intervention generally transpires between the senior executive of the organization and the governing body in the country. Resource acquisition entails constantly being on the lookout to create opportunities that will augment the organization's resources. This is accomplished by forming new alliances and partnerships, and by forging new ways of thinking about generating resources (Baron, 1995). Leadership is a key ingredient in this component. Some management scientists believe that many organizations are relatively under-led and over-managed (Kotter, 1990). Many organizations where leaders or senior managers often focus too much attention on adaptations to the internal environment and structures, had too little on the wider, changing external environment (Hesselbein, et al, 1996).
Any effort to diagnose and improve the performance of an organization requires an understanding of the forces outside the organization that can facilitate or inhibit that performance (Savedoff, 1998). Enabling environments support effective and efficient organizations and individuals, and creating such environments is becoming an increasingly important aspect of development assistance (Picciotto and Weisner, 1998). Both a business’ environment and strategy have been hypothesized and empirically demonstrated to have a significant effects on performance (Porter, 1980, Scherer 1980). Previous research has considered strategy to be basically under the control of managers, but has viewed environments as constraints that in certain situations managers can proactively change (Hofer & Schendel; Pfeffer & Salancik, 1978).

Much of strategic management literature has focused on the relationship between strategy and performance and considered environment as moderators of the relationship. Organizational economic field has emphasized the linkage between environment and performance and thus viewed environments as primary determinants of performance (Porter, 1981). Researchers have examined the relationships among environment, strategy and performance variables (Hambrick, 1986; Hitt et al, 1982, Jauch et al, 1980). However researchers have not adequately addressed the issue of whether environments are independently related to performance, or are they moderators of relationship between strategy and performance or combination of the two.

Implementation of strategy causes strategic change. This is the use of systematic methods to ensure that organizational change is guided towards a planned direction, conducted in a cost effective manner within the targeted time frame while delivering the desired results. It involves initiating best practices and pursuing for continuous improvement. The implementation of strategic change requires some organizational adaptation (Mintzberg, 1994) of all other related stakeholders whose contribution matters to successful strategy implementation. With more radical change, more resistance will be encountered, more resources will be needed to overcome this resistance, and more uncertainty will be introduced into the organization. Stakeholders need to embrace change in order to be aligned to the strategy.
Vinzant and Vinzant (2009) advanced that public manager must be effective strategist if their organization are to fulfill their mission and satisfy constituents. (Bryson, 1995) contends that is essential for organization to be able to quickly and strategically position themselves to minimize the effect of negative events and to take advantage of opportunities. Bloom & Menefee (1994). Public strategists are also cautioned that strategic decision making is too demanding (Streib 1992) and the notion of public authority and the constraints and problems that this authority poses, render the strategic management practices of firms ill suited for public organization (Nut & Backoff) as compared with private organizations. To make matters even more difficult there are few workable tools to help public official make sense of these apparent contradictions and determine whether, how and to what extent strategies can be implemented.

A lot of information exists but it is not geared to public sectors and not synthesized in form that make it readily useable. To be useable such tools need to help strategist answer a number of important questions: How can the readiness and capacity of the organization be enhanced? Which steps should be taken prior to implementation to prepare the organization for strategy implementation and increase the likelihood of success? (Vinzant and Vinzant 1996) They continued to address this question by proposing a scheme for understanding the progressive levels of success in implementation of strategies, a checklist of internal and external factors that have been forced to influence implementation and an assessment of organization communication capacity. These tools help organizational leaders find the right effective communication strategy to match the requirement of strategic implementation approach and the changes an organization is capable of supporting.

Public managers are urged to implement complex systems linking strategic planning and performance measurements to budget process (DuPoint –Morales & Harris 1994). It takes several years to progressively accomplish such integration. Vinzant & Vinzant (2009) pointed out that without an agreement on what these stages of implementation are and what constitutes the successful implementation of each, factors influencing the outcome of strategic management process cannot be evaluated on a consistent scale: Moreover public managers cannot make informed decision about what level of implementation they will attempt and how they will know when they have a successfully achieved it.
In the study of Rock Hill South Carolina, strategic planning process, Wheeland (1993) described the process as successful because it received two major awards and widespread public approval. Both of these indicators of success are external in nature, focusing on stakeholder support for the plan. Nut & Backoff. (1992) described strategic management process as successfully implemented because the organization changed its name to reflect priorities for it in its strategic plan and initiated a continuous change approach to strategic management (Nut and Backoff 1992). These internally focused measures though important are clearly different from those external factors used by Wheeland, (1993).

A definition of successful implementation must include internal and external factors and be sufficiently specific to allow comparability between organization and broad enough to allow for variation in approach. One way to address this requirement is to allow for levels of success. Vinzant and Vinzant (2009) suggested 4 level of implementation in the public sector. The first level defined as the completion of a strategic planning process that includes all elements. The second level defines successful implementation as the completion of strategic planning process and production of strategic planning document.

The third level defines successful implementation is level two accomplishment plus resulting change in the resource allocation process specifically allocation of resource( human financial , physical and technological) in the operating and capital budget is tied to the accomplishment of specific strategies within specified time period. Finally level four defines successful implementation as level three accomplishment plus specific changes in control and evaluation process that provide feedback on implementing element of strategic plan. Level 4 represents the implementation of a comprehensive management approach including the strategic planning resource allocation and control and evaluation. The first three levels can be seen as representing progressive stages of development towards full implementation.
Table 3. Gaps in Knowledge

<table>
<thead>
<tr>
<th>Scholar</th>
<th>Focus of the paper</th>
<th>Main findings/conclusions</th>
<th>Gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carmeli &amp; Tishler (2004)</td>
<td>Tested relationship between intangible organization elements and organization performance (managerial capabilities, human capital, perceived organization reputation, labour relations, organization culture, internal auditing)</td>
<td>Organizational performance can be explained by the six intangible organizational elements (resources)</td>
<td>Focused only on intangible resources</td>
</tr>
<tr>
<td>Denison et al (2006)</td>
<td>Focused on cultural traits (validating a model and methods) (involvement, consistency, adaptability, mission)</td>
<td>There is a significant linkage between culture and organization performance</td>
<td>Not focused on culture linkage to leadership and resources</td>
</tr>
<tr>
<td>Javidan &amp; Waldman (2003)</td>
<td>Focused on charismatic leadership in the public sector variables comprised on four dimensions (Energy and determination, vision, challenges &amp; encouragement, risk taking)</td>
<td>Found that charismatic leadership is only modestly related to motivational consequences and is not significantly related to unit performance</td>
<td>Did not extend the study to resources, culture and organization performance</td>
</tr>
<tr>
<td>Manikutty (2000)</td>
<td>Studied resource based view on family enterprise in India</td>
<td>Observed that businesses built their resource base gradually RBV framework was firm context</td>
<td>Did not identify how building resources relate to other strategy elements</td>
</tr>
<tr>
<td>Howard and Walters (2004)</td>
<td>Studied Chinese manufacturing firms using configuration of resources and structures</td>
<td>The study did not confirm configurations based on their findings</td>
<td>Did not extend to configuration of resources to other strategy elements</td>
</tr>
<tr>
<td>Daygulu and Ozeren (2009)</td>
<td>Investigated empirically the joint impact of particular leadership styles (employee orientation, production orientation, change centered leadership) and organizational culture typologies (market, hierarchy, adhocracy, clan) on firm’s innovativeness within six Turkish business context</td>
<td>The most significant finding of the study is that adhocracy culture has been found as a common variable for all firms within the sample in explaining innovativeness.</td>
<td>The study suggested further research examining the relationship between organizational culture typologies (market, clan, adhocracy, hierarchy) change centered leadership style and firm’s innovativeness</td>
</tr>
<tr>
<td>Ekaterina et al (2000)</td>
<td>Focused on the relationship between environment and business performance.</td>
<td>Environmental Dimensions play important roles in developing competitive operations strategy.</td>
<td>Focused on private retail businesses only-there is need to research the same variables on public organizations</td>
</tr>
<tr>
<td>Amedzro W.G. (2011)</td>
<td>Studied the evaluation of the evidence of the beneficial influence of the strategic planning process on the overall performance</td>
<td>Found that strategic planning process does not always lead emerging countries companies to success</td>
<td>There is need to research on strategic implementation</td>
</tr>
<tr>
<td>Gomes &amp; Osborne (2009)</td>
<td>Studied the role of stakeholders in determining local government performance</td>
<td>Findings indicate that leadership and resources are key determinants of performance</td>
<td>There is need to focus on leadership and other variables related and performance</td>
</tr>
<tr>
<td>Tam V &amp; Zeng S.X (2007)</td>
<td>Studied business environment of foundry industry</td>
<td>Practical strategies must be implemented early to alleviate potential management risks and to promote smoother business operations</td>
<td>Focuses on business Environment only. There is need to research environment and other variables</td>
</tr>
</tbody>
</table>
8. Conceptual Framework

The conceptual framework presented has been developed from literature review discussion. The diagram presents linkages between sets of variables as they influence strategy implementation and operating environment on performance of organizations. This suggests that there is a joint relationship among these variables.

Figure 2: Conceptual model

Source (Author 2012)
9.1 Conclusions

Summary of the empirical studies clearly identifies gaps of knowledge which draws the conclusion that emphasis on strategy implementation has not achieved much as many organizations still do not know about it or understand strategy well in business operations. However, organizations in today’s dynamic environment will only be successful if they can operationalize strategy by using appropriate leadership to align culture and resources so as to obtain a match with their stakeholder’s resources in order to implement a strategy successfully. Experience indicates that from methodological perspective some steps in the strategic management continue to create irreconcilable problems in the public sector, such as difficulties of competing and often conflicting objectives and the focus on quantifiable objectives at the expense of less tangible ones and these proceeds to affect strategy performance. In organizations of any size and complexity, it is impossible to manage for results without a well developed capacity for leadership, culture, resources and strategy implementation and environmental factors consideration.

Organizations face more challenges due to their nature and characteristics and researchers have not addressed issues of strategic leadership, culture and resources in the public sector realistically. As strategic managers begin the challenges of implementing strategic management, they should be aware that they are initiating large-scale complex organizational change efforts. Use of appropriate model should help facilitate strategy performance. First change efforts will be aligned with organizational capabilities to create a match between the requirements of strategic processes and available resources. Second the model assist managers wishing to change strategic capabilities of organization once the level of successful implementation has been chosen and areas of deficiency have been identified. Thirdly, the design document will enhance implementation of the strategic management approach by removing most of the opportunity for confusion about terminology, expectation and responsibilities. By using the model to align strategy and capacity, managers can improve the likelihood of successful implementation of strategic management and hence improve organizational performance in the public sector.
Strategic management researchers should focus on public sector in order to overcome the many challenges and improve service and product delivery for all citizens. The specific focus of the research activity is to assist such action by informing all stakeholders' and public sector management to develop a more comprehensive understanding of the leadership, cultures and resources and how they impact on strategy implementation hence increase performance in the public sector. The intervention of the environment is another factor which complicates if not facilitates strategic issues. Leadership can be influenced by environment and it can also influence environment. Cultural factors are integrated in the whole environment. Environment poses opportunities or threats, influencing organization performance. Further research into these variables should add value by reducing knowledge gaps in the ways strategies are, hence increasing chances of strategic management success. The linkage between these constructs: (organizational leadership, culture, resources strategy implementation and operating environment), are important area of academic inquiry which may help scholars in applied fields to strengthen the relevance of their work to government policies and management practice.

9.2 Emerging Issues for Strategic Management Research

In recent years there has been an increased effort to develop an empirical body of literature on the strategy implementation variables, though it still remains an area that can benefit from additional study especially its application in the public sector. For example, in the RBV theory, the quantitative studies have used a single element such as human capital; Hitt et al., (2001), or leadership as advanced by Waldman et al., (2001). Although such studies yield useful knowledge, it must be recognized that the organization's competitive position is derived from a complex combination of organizational elements. Generally speaking, it is not likely that an organization with a sustainable competitive advantage relies on a single element, important as it may be. For this case leadership should be studied in combination with other variables to bring out their linkages and implications.

The competitive advantage of Wal-Mart (Stalk et al., 1992), Southwest (Porter, 1996), and Vanguard (Sigelkow, 2002) and other companies found locally, (Equity Bank, Safaricom, G4S and others) cannot be explained by just one element; it is based on a successful integration of various strategic and non-strategic elements. The second problem is that our knowledge to date is contained in anecdotal and case study evidence as stated by, Porter. (1996). Sigelkow, (2002) and Stalk et al.
rather than from real research works and we have yet to see large-sample studies that demonstrate how strategic elements and complementarities among them enhance an organization’s performance and especially in the public sector. The third problem is the difficulty of measuring important intangible elements (see Godfrey and Hill, 1995; Hitt et al., 2001). The problem is compounded when more than one element are involved and, particularly, when interactions among them may affect the organization’s performance. Forth, most studies have examined each performance measure separately and, thus, did not capture the simultaneity embedded in the multidimensionality of performance. Fifth, very little has been done to test empirically the relationship between organizational elements and the performance of public sector organizations, that is, the applicability of the basic elements of strategy performance. This is particularly problematic in view of the increasing recognition among researchers, policy-makers and managers alike of the importance of strategic management, whether in the private or public sector, for creating and delivering value (Moore, 1995, 2000).

One major difficulty in the study of strategic implementation in the public organizations is the virtual absence of a definition of successful implementation, (Vinzant and Vinzant 1996). Authors frequently refer to successful examples of strategic planning and management to procedures that lead to successful practices. But to exactly what constitutes success is notably absent from such discussion therefore there is a gap that require to be filled through researching all components of strategy implementation. Leadership, culture and resources are just some of the salient elements. These gaps provide areas to extend future research in strategic management.

Another strategic issue for the survival of an organization is the acquisition of resources in the vital areas of funding, technology, infrastructure and personnel. Strategic leader must adequately pursue these resources by anticipating and capitalizing on opportunities in the external environment that might yield or support them. It also means predicting threats to organizational resources and intervening (politically, in general) to ensure that organizational performance and survival are safeguarded (Korey, 1995). This level of leadership and intervention generally transpires between the senior executive of the organization and the governing body in the country. Resource acquisition entails constantly being on the lookout to create opportunities that will augment the organization’s resources. This is accomplished by forming new alliances and partnerships, and by forging new
ways of thinking about generating resources (Baron, 1995). Leadership is a key ingredient in this component. Some management scientists believe that many organizations are relatively under-led and over-managed (Kotter, 1990). Many organizations where leaders or senior managers often focus too much attention on adaptations to the internal environment and structures, had too little on the wider, changing external environment (Hesselbein, Goldsmith and Beckhard, 1996). Any effort to diagnose and improve the performance of an organization requires an understanding of the forces outside the organization that can facilitate or inhibit that performance (Savedoff, 1998).

Enabling environments support effective and efficient organizations and individuals, and creating such environments is becoming an increasingly important aspect of development assistance (Picciotto and Weisner, 1998). Both a business’ environment and strategy have been hypothesized and empirically demonstrated to have a significant effects on performance (Porter, 1980, Scherer, 1980). Previous research has considered strategy to be basically under the control of managers, but has viewed environments as constraints that in certain situations managers can proactively change (Hofer & Schendel; Pfeffer & Salancik, 1978). Much of strategic management literature has focused on the relationship between strategy and performance and considered environment as moderators of the relationship. Organizational economic field has emphasized the linkage between environment and performance and thus viewed environments as primary determinants of performance (Porter, 1981). Researchers have examined the relationships among environment, strategy and performance variables (Hambrick, 1986; Hitt et al 1982, Jauch et al, 1980). However researchers have not adequately addressed the issue of whether environments are independently related to performance, or are they moderators of relationship between strategy and performance or combination of the two. All these are issues that require empirical attention.
REFERENCES


29


Galbraith J. (1993), Competing With Flexible Lateral Organizations. Addison Wesley, Reading, M.A


Hulya Julie Yazici (2006). Role of Organizational Culture on Project Success Lutgert School of Business, Florida Gulf Coast University, Fort Myers, FL 33965, (239)590 -7335, hyazici@fgcu.edu


