# CHALLENGES OF STRATEGY IMPLEMENTATION AND PERFORMANCE OF CEMENT MANUFACTURING FIRMS IN KENYA

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**D61/74375/2014**

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

**NOVEMBER 2018**

# DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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

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# ACKNOWLEDGEMENT

I wish to express my gratitude to my supervisor Dr. Musyoka for his support and encouragement throughout the preparation and conclusion of this Research Project.

I also convey my gratitude to the senior management teams in the cement manufacturing firms for their valuable contribution and advice during my period as a student.

Special thanks go to the Master of Business Administration class of 2014 class for their solidarity and moral support.

# DEDICATION

I dedicate this Research Project to my Mother, Mrs. Florence Wanja, Sisters, Serah and Wanjiru Thumbi and lastly my Brother, Richard Thumbi for their encouragement and understanding during the study. This made it possible for me to go through the whole program.

To the Almighty God, I say thank you for the blessings and the strength to accomplish the study.

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# LIST OF ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| **ANOVA** | Analysis of variance |
| **ARM** | Athi River Mining |
| **GDP** | Gross Domestic Product |
| **SME** | Small and Medium Enterprises |
| **SWOT** | Strengths, Weaknesses, Opportunities, and Threats |

# ABSTRACT

The project objective was to determine the challenges of strategy implementation and performance of cement manufacturing firms in Nairobi. The data was collected from senior level managers of cement manufacturing firms in Nairobi. The collected data was analysed using descriptive statistics. The study recorded a response rate of 92% having collected 23 out of the 25 that were administered. Reliability test revealed that the questionnaire was internally consistent as shown by the aggregate Cronbach's Alpha co-efficient of 0.818 and therefore it could be relied upon in determining the challenges of strategy implementation and performance of cement manufacturing companies in Nairobi. The study concluded that cement manufacturing firms in Nairobi are facing strategy implementation challenges to a moderate extent. The challenges faced most include uncontrollable factors in the external environment and inadequate budget to implement the strategies where they were faced to a great extent. The other key challenges include inadequately defined key implementation tasks; Resistance to change by the staff; Lack of understanding of the strategy by implementers and inadequate implementation personnel. The study concluded that the most effective methods of overcoming strategy implementation challenges are training of the personnel to be involved in implementation followed by setting aside adequate budget to implement the strategies; involvement of staff from the start of strategy formulation; preparing for any interference from the external environment and clear definition of key implementation tasks and activities. Further, the study concluded that corporate performance of cement manufacturing firms in Nairobi is affected by strategy implementation challenges to a great extent. The most affected parameters of corporate performance are increase in market share; increase in sales and Reduction in fixed costs. Reduction in operational cost and increased customer satisfaction were also greatly affected. The study established that the most effective methods of overcoming strategy implementation challenges are training of the personnel to be involved in implementation; setting aside adequate budget to implement the strategies; involvement of staff from the start of strategy formulation; preparing for any interference from the external environment and clear definition of key implementation tasks and activities. The study therefore recommends that the cement manufacturing firms in Nairobi should implement these interventions in order to reduce the impact of challenges when implementing strategies.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background to the Study

Focus on strategy by firms has become a critical step for gaining competitive advantage which helps them to thrive in the highly competitive environment (Mohamed, 2014). The current business trend of intense competition that is heightened by factors such as globalization, changes in political and economic environments, increasing consumer awareness and technological advancements (Evans, Pucik & Barsoux 2002), requires firms especially those that target large scale success to effectively formulate and implement strategies that will enable the firms adjust to the constantly changing business environment to survive. An organization without a strategy is described as a ship without a rudder (Porter, 2005) since it is said to be lacking direction and scope.

The area of strategy implementation has had contributions from different scholars who theoretically look at different aspects of strategy, its implementation and its impacts on the performance of firms. These include; Wernerfelt's (1984) Resource Based View which suggests that firm resources are the most crucial determinant of the firm's ability to successfully implement strategies. There is also Fisher's (1998) Contingency theory which proposes that there isn't any single approach that can be termed as the best way of implementing strategies to enhance firm performance. Alexander (1991) also contributed to this area of knowledge through development of the Seven (7s) Model of the Strategy Process which proposes that firm's needs to take into consideration all the seven factors deemed necessary for successful strategy implementation.

These factors are; strategy itself, structure of the firm, systems used, style, super ordinate Goals, stuff and skills they poses. These theories will inform the findings of the study. Challenges of strategy implementation involve the barriers that prevent, obstruct, hinder or block the successful completion of the strategy implementation process. These challenges impede strategy implementation thus making it hard for the organization to achieve the goals it has set for instance where it wants to be in the years to come (Lihalo, 2013). The challenges to strategy implementation can either internal or external and are dependent on firm type, strategy and circumstances which can be evaded if strategy development and implementation are combined. Various scholars have come up with various challenges that affect the successful implementation of strategies in different contexts. Some cite, poor administrative systems, government licensing, strategic alliances and regulations on pricing (Keter, 2015) while others cite poor leadership, resistance to change, poor organizational structure, competition and changes to the operating environment (Lihalo, 2013). This study however sorts to determine the challenges of strategy implementation and how it affects the performance of cement manufacturing firms.

The performance of cement manufacturing companies in Kenya has been observed to be fluctuating. This is attributed to challenges, main being the entry of new players which include; Cemtech, a subsidiary of India’s Sanghi Group and the Nigerian giant Dangote Cement in the market that increases competition which put further pressure on already slim margins (Oxford Business Group, 2017).

Kenya's cement sector is however expected to expand since it is supported by a spate of planned infrastructural projects such as the Lamu Port Project, which is expected to be accompanied by the establishment of tourism facilities, construction of new highways, "an oil refinery and pipeline connecting the Lamu Port to South Sudan, Ethiopia and Uganda" and its estimated cost of $25bn. There is also the Standard Gauge Railway project, which is expected to use cement amounting to 650,000 tonnes. The industry also expected to benefit from the strong construction industry which is said to enhance the demand for cement (Oxford Business Group, 2017).

### 1.1.1 The Concept of Strategy

Strategy has been defined differently by different authors. Some authors such as; Chandler (1962) and (Chaffee, 1985) defined strategy widely to comprise both goals and the means used to realize them. While others for instance; Ansoff (1965) and Gluek and Juach (1984) define strategy scarcely by using the means to achieve the set goals. Thompson, Strickland and Grant (2007) define strategy as a long-term plan of action that organizations design to accomplish a certain goal, and usually the goal involves winning. A Strategy is also defined as a detailed plan for an organization to achieve success.

Dauda, Akingbade and Akinlabi (2010) posit that since running a business involves a game of high-stakes, strategy implementation that is executed poorly could result to loss of jobs, loss of millions and might even lead to business bankruptcy. According to Nickols (2011), strategy in an organization exists in three levels which include; The enterprise level, business level and functional level. Strategy and tactics put together are said to bridge the gap between the ends and means.

According to the Wheelen, Hunger, Hoffman and Bamfords' (2014) strategic management model, strategic management process involves 4 basic elements. These are "environmental scanning, strategy formulation, strategy implementation and evaluation and control". Environmental scanning pertains to monitor, to evaluate the internal as well as the external environment and to disseminate the information to decision makers in the organization. This may be through use of SWOT analysis to scan the environment (Oyedijo, 2013). Strategy formulation involves developing of long-term plans that will enhance the effectiveness of opportunity and threats management arising from the firm's strengths and weaknesses. According to Stevenson (2012), strategy formulation involves "defining the organization's mission, objectives, developing strategies and also setting policy guidelines".

Strategy implementation, also called operational planning, involves put into action strategies as well as policies by developing procedures, budgets and programs which is mostly done by the lower level and middle level managers while under supervision from top management. Evaluation and control on the other hand involves monitoring corporate activities and performance so that the firm's actual performance is compared with desired performance to establish the variation and then the corrective measures are taken.

If evaluation and control identifies any shortcomings in the strategic plan implementation process, then the whole implementation process has to restart. During the entire strategic management process to be effective, all the four elements must work together (Wheelen *et al.,* 2014).

### 1.1.2 Challenges of Strategy Implementation

In the whole of the strategic management model, little attention has been accorded to strategy implementation stage by organizations compared to strategic planning or strategy formulation. This is attributed to factors such as; not all people are really sure of what is involved and where it begins and ends; it is less glamorous than other stages such as strategy formulation; and also that strategy implementation is overlooked because of a belief that anyone can do it (Alexander, 1991) as cited by Mwangi (2012).

At the stage of strategy implementation, the organization is required to consider elements such as; the firm's short term objectives, resources, firm policies, conflict management mechanisms managing resistance to change, organization structure and culture (David 2003). The concept of strategy implementation is perceived as straightforward; strategy formulation and then implementation. Here, implementing is perceived to be all about resource allocation and change in firm structure (Beer & Eisenstat, 2000).

Some of the challenges faced by organizations when implementing strategies include; poor communication, absence of commitment, weak management roles, lack of alignment of organizational resources and systems to the strategy, competing activities, poor coordination, environmental factors which cannot be controlled , poor understanding of the strategy and poor sharing of responsibilities (Alexander, 1991) as cited by Kagendo (2013). Overcoming or avoiding all these challenges and successfully implementing firm strategies is critical. Many companies are frequently implementing strategies both in short and long term, however they have never brought themselves to review the effect of the implementation on the performance of the firm. This makes the review of the impact of strategy implementation on performance of the cement manufacturing firms a topic of interest to study.

### 1.1.3 Corporate Performance

Corporate performance is the economic condition of a corporation (Bien, 2002). Corporate performance is an organization's ability to offer high quality products and services. Richard *et al.* (2009) argues that corporate performance is given by three components that include: product market performance, shareholder return and firm financial performance. Corporations seek to enhance their performance through optimizing the available resources, reducing the costs incurred by the firm, and also enhancing the quality of the products and services they deliver.

Different corporations measure performance for various reasons, for instance measuring corporate performance is suggested to provide the corporations management with the insights of improve the aspects of the firm that matters to survival and existence of the firm. According to Kaplan and Norton (1996), firms measure performance to identify and improves the various internal functions and their resulting external outcomes; and in so doing redesign its corporate strategies. Other firms measure performance: to find out if and when customer needs are met, to establish success, to identify waste, to detect problems and improvement opportunities to better understand processes and bottlenecks (Gunasekaran & Kobu, 2007).

Measures of corporate performance are either accounting based ( given by calculations in the financial reporting for example earnings per share, profits, return on equity, earnings after tax, earnings before tax and return on assets) or market based (derived from the "financial markets where the firm's financial assets are trading and are based on investors perception") (Bien (2002). Other measures of corporate performance include; firm revenues, profitability level and expenses (Mesquita & Lara, 2003). This study will involve determining strategy implementation against the performance of the cement manufacturing companies. The performance of the cement manufacturing firms will be measured using increase in firm sales and market shares and also measures of profitability for example return on equity, returns on assets as well as returns on investment.

### 1.1.4 Challenges of Strategy Implementation and Firm Performance

The correlation between strategy implementation and performance of firm has been reviewed by different scholars. For instance; a study by Ogunmokun et al (2005) aimed at establishing the association between strategy implementation and performance of private hospitals. This study determined that strategy implementation practices such as changes to the structure of the organization, communication, employee incentives and employee role assignment enhanced the performance of private hospitals. Chaimankong and Prasertsakul (2012) examined the effect of strategy implementation on the performance of firms in Thailand and established that although successful implementation strategies can be used as a significant indicator of firm performance.

Musalika et al. (2016) examined the effect of implementation of strategic plan on the performance of Bralirwa Ltd in Rwanda, which is a manufacturing industry and established using organizational structure, resource allocation and use of control and evaluation tools as measures of strategic plan implementation that strategic plan implementation positively impacts the performance of Bralirwa Ltd in Rwanda. Jepkosgei (2015) determined the co relation between organizational performance and strategy implementation among manufacturing firms in Kenya and concluded that strategy implementation has a greater effect on firm performance in Kenyan manufacturing firms. Furter, Kihara, Bwisa and Kihoro (2016) carried out a study which established that strategy implementation has a positive relationship with the performance of Small Medium Enterprises manufacturing companies in Thika, however the relationship is insignificant.

Generally the correlation between firm performance and strategy implementation has been found to be positive. However different authors use different measures of strategy implementation than this study for instance; Ogunmokun et al (2005) used changes to the structure of the organization, communication, employee incentives and employee assignment. Chaimankong and Prasertsakul (2012) used “strategic orientation in terms of

Miles and Snow typologies". Musalika et al. (2016) used organizational structure, resource allocation and use of control and evaluation tools. This warrants a new study on this area of knowledge that will take into consideration other factors of strategy implementation such as people, resources, structure, systems and culture of the organization.

### 1.1.5 Cement Manufacturing Industry in Kenya

The cement manufacturing industry in Kenya has six cement manufacturing firms. These include: Bamburi Cement Limited, East African Portland Cement Limited, Savannah Cement Limited, Athi River Mining Cement Limited and National Cement limited Mombasa Cement limited (Kenya Cement Industry Brief, 2012). However other cement manufacturers have voiced their intention of moving into the Kenyan cement manufacturing market in recent years. They suggest to be attracted by a spate of planned infrastructure builds such as the "Lamu Port-South Sudan-Ethiopia Transport Corridor Project" and the SGR Project (Oxford Business Group, 2017).

The cement manufacturing firms in Kenya are faced with challenges major among them the entry of new firms in the industry. Other challenges include; high cost of electricity which is sometime in short supply and expensive due to the high tarrifs imposed and high cost of fuel, high cost of coal which has to be imported and subjected to taxes (Murunga, 2016). In light of competition and other challenges faced by the cement manufacturing firms in Kenya, the firms have implemented different strategies such as outsourcing and others in pursuit of efficiency and effectiveness (Chesaro 2013, Kenani, 2013 &

Murunga, 2016). However the literature does not exhaustively assess the effect of the implementation of strategies on corporate performance of the cement manufacturing firms in Kenya.

The demand for cement in the country is estimated at about 3.5million tons per year of which Bamburi Cement limited produce 2.3 million tons (Ndetto, 2015). The increased demand for cement in the country and even in the neighborhood is attributed to steady increase in the demand for housing and accommodation, increased private building projects and also increased government spending on roads and building projects (Murunga, 2016). Some of the cement is also exported to other neighboring countries such as DRC Congo, Somalia, Rwanda, South Sudan, Burundi and Mozambique (Mumero, 2011).

This study however focussed on the cement manufacturing firms in Kenya. Bamburi Cement Limited which is the largest cement manufacturing company in Kenya has a domestic market shareholding of 32.5 %, East Africa Portland Cement 16.0 % , Athi River Mining 15.0 % , Mombasa Cement 15.0% , National Cement 11.0 % and Savannah Cement with a domestic market shareholding of 10.5%.

## 1.2 Research Problem

Strategies are known to be of value to organizations for their potential contributions that include; reducing costs, increasing productivity, improving product or service quality and also growing profits. However, transforming strategies into action is suggested by authors such as Beer and Eisenstat (2000) to be a more complex and difficult task to perform by organizations. The concept of strategy implementation and how it affects firm performance has recently gained considerable attention from different scholars and organizations (Radomska, 2015). Even the most superior strategy is useless, when it is not successfully implemented which makes successful strategy implementation in today's competitive environment crucial for the survival of any organization, either public or private (Mwangi, 2012). This makes determination of challenges facing strategy implementation a very important aspect of managing strategies. Literature has however not exhaustively determined the challenges of strategy implementation especially among cement manufacturing companies.

The uniqueness of the Kenya's cement manufacturing industry as the context of this study originated from the fact that the performance of cement manufacturing firms in Kenya has been shaky recently (Nyabiange & Were, 2014). This is attributed to the entrance of new players in the industry, most notable is the $400m investment by Nigerian giant Dangote Cement in Kitui, and is projected to produce 3m tones annually. There is also Cemtech, a subsidiary of India's Sanghi Group, which has announced a $131m investment in Kenya (Oxford Business Group, 2017). These players have made the sector so competitive. Following this competition and also the expected expansion of the cement market, cement companies in Kenya are implementing strategies that will enable them take advantage of the expected growth and also survive the competition (Mohamed, 2014). However no empirical has examined the effect of strategy implementation on the cement manufacturing firms' performance.

Several studies have been carried out on this subject. Ogunmokun, Hopper and Mcclymont (2005) using a cross-sectional survey to establish the association between firm performance and strategy implementation among private hospitals in Southern Queensland. The study however did not focus on challenges of strategy implementation which is the concept of this study. Chaimankong and Prasertsakul (2012) through descriptive research design, examined the "impact of strategy implementation on performance of Generic Strategy in Thailand" but did not focus on challenges of strategy implementation which is the concept of this study. Musalika, Kule and Kibachia (2016) using a research design that is descriptive examined the impact of implementation of strategic plan on the performance of Bralirwa Ltd in Rwanda but did not focus on challenges of strategy implementation which is the concept of this study.

Locally, Muchira (2013) using a cross-sectional survey to examine the "relationship between strategy implementation and performance of commercial banks in Kenya". The study however did not focus on challenges of strategy implementation which is the concept of this study. Munuhe (2014) using descriptive research design, evaluated corporate strategy implementation at H-Young & Co. East Africa Ltd, in Nairobi, Kenya but did not focus on challenges of strategy implementation which is the concept of this study. Jepkosgei (2015) using a descriptive research design, assessed the relationship between "strategy implementation and firm performance among manufacturing firms in Kenya" but did not focus on challenges of strategy implementation which is the concept of the current study.

Most of the studies reviewed above concentrated on contexts not relating to the current study's context which is the cement manufacturing firms for instance, Ogunmokun, Hopper and Mcclymont (2005) based their study on private hospitals. Munuhe (2014) based his study on H-Young & Co. East Africa Ltd. Muchira (2013) based his study on commercial banks. Some studies reviewed focused on other countries other than Kenya for instance, Ogunmokun, Hopper and Mcclymont (2005) focused on Southern Queensland. Chaimankong and Prasertsakul (2012) focused on Thailand. Musalika et al. (2016) on the other hand focused on Rwanda. This could not be used to conclude the same in Kenya. This brings a knowledge gap that shall be bridged by this study through providing an answer to the question: what are the challenges of strategy implementation on corporate performance of cement manufacturing firms in Kenya?

## 1.3 Objective of the Study

To determine the challenges of strategy implementation and performance of cement manufacturing firms in Nairobi.

## 1.4 Value of the Study

Regulators and policy makers but also the management and other stakeholders of cement management companies and to researchers and academicians will be the key beneficiaries of this study's findings.

Through enlightenment gained from this study, the regulators and policy makers of the cement manufacturing industry through enlightening them on setting effective policies that would ensure firms in the manufacturing industry enhance their performance which will improve the performance of the sector and economy at large.

The management and other stakeholders of cement management companies that have an interest in knowing the impact of strategy implementation, findings will give insight on the challenges of strategy implementation on corporate performance thus enable them to make strategy implementation decisions that will enhance their survival and growth.
The study findings will also be of great value to the researchers and academician, as it will contribute to both theoretical and practical knowledge on impact of strategy implementation on corporate performance of cement manufacturing firms. This study will also act as an anchor for future studies in regard to challenges of strategy implementation on Kenya's cement manufacturing companies' corporate performance.

## 1.5 Chapter Summary

The chapter reviewed the background of the project which consisted of the concept of strategy, the challenges faced when implementing strategies, the challenges of strategy implementation and its relationship to firm performance and a review of cement manufacturing industry in Kenya. The Research Problem which introduced the motivation for this project is then reviewed. Then the objective of the project and the Value of the project are reviewed.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1 Introduction

The chapter contains a discussion of the literature review on which this project is based on. Specifically discusses theoretical review and empirical literature review on the effect of strategy implementation on corporate performance of cement manufacturing firms. Empirical review of literature involves through examination of the past empirical studies both international and local. The critique of the existing literature is then reviewed followed by the study's conceptual framework, summary of empirical review and then the research gap is given.

Three theories which attempt to give an explanation on strategy implementation and the challenges that it faces will form the basis of the study. These include; Resource Based View, Contingency Theory and the Seven S (7s) Model. The Resource Based View suggests that it is the organization's resources, that forms the foundation of the strategy of organisations (Feurer and Chaharbaghi 1995). The resources can be physical, human or organizational capital (Hitt et al., 2005). Thus it views the basis for gaining a competitive advantage in strategy implementation in an organization as laying in the application of the bundle of resources which are valuable at the disposal of the organization. Resources used must meet the VRIN criteria, that is, must be valuable, rare, in-imitable and non-substitutable so as to help the organization realize a competitive advantage that is sustainable.

Contingency theory is an organizational theory which puts forward that a best way to implement organization strategies to improve firm performance does not exist. However, the course of action that is optimal is contingent upon the situations of the organization which are internal and external. Thus organizations that are contingent use their own style of strategy implementation in an effective manner to the proper situation. The theory suggests that organizations are different in terms of factors for example; Customers and competitors, suppliers and distributors, government policies, consumer interests groups, technology, unions and others and as a result the same approach in implementing strategies works in some citations and not others.

The Seven S (7S) model proposes that the management of firms needs to consider seven factors that affect the strategy implementation. These include; strategy itself, structure of the firm, systems used, style, super ordinate Goals, staff and skills they possess to be sure of successful implementation of a strategy and that all the seven factors are interdependent. Successful organizations are those that are able to align the seven elements and also mutually reinforce them to perform well.

## 2.2 Theoretical Foundation

Strategy implementation has been evaluated theoretically by various scholars who focus on its different aspects and how it affects the performance of different organizations. The theories and models that inform the study's findings include; Resource Based View, Contingency Theory and the Seven S (7s) Model.

### 2.2.1 Resource Based View

The Resource Based View was developed by Wernerfelt's (1984). This theory suggests that firm resources are the most crucial determinant of the firm's ability to successfully implement strategies. The theory thus lays its emphasis on the importance of the organization's resources and capabilities such skilled personnel, knowledge of technology and efficient procedures in strategy implementation (Dobrzykowski, Tran & Tarafdar, 2010). The theory's major concern is the strategic identification and usage of the firms resources to develop a sustainable competitive advantage (Borg & Gall, 2009). The theory is of the opinion resources are key for effective implement their strategies which would make the organization gain competitive advantages that in turn enhance its performance.

The Resource Based View also posits that organizations gain competitive advantage through effectively implementing strategies that create value to the firm. According to Barney (1991), the competitive advantages gained by the organization as a result of effectively implemented strategies can then be maintained through use of firm strategic resources. Scholars such as Tippins and Sohi (2003) support Wernerfelt's (1984) idea through suggesting that firm resources and capabilities are important determinants of organizational performance. This theory was later modified by Lippman and Rumelt (1982) to include uncertain imitability and also by Rumelt (1984) through isolating mechanisms.

However, the theory is also criticized by Hoopes, Madsen and Walker (2003) for possessing limited prescriptive consequences as well as “for having a limited focus on firm capabilities”. However, the theory is relevant and strong since it views availability of resources in the firm as the most critical determinant of the firm’s ability to successfully implement strategies which in turn enhances firm performance.

### 2.2.2 Contingency Theory

The Contingency theory was developed from the work of Fisher’s (1998). This theory originated from a discovery by managers, consultants and researchers that those techniques that worked in one situation didn’t work in others. This theory proposes that “there is no one or single best way or approach of implementing strategies to enhance corporate performance” and that organizations should develop approaches of implementing strategies basing on the situation and conditions they are experiencing. Other scholars attribute these defences in conditions to factors such as firm strategy (Chandler, 1962), firm size (Child, 1975), technology adoption level (Gerwin, 1979) and also the business environment that organization operates (Hambrick, 1981).

Other researchers such as Lawrence, Lorsch, and Thompson complement the statement by Scott which suggested that the "The best way to implement strategies depends on the nature of the environment to which the organization must relate". The researchers have more interest in the effect of contingency factors on the structure of the organization hence performance. Earlier studies such as Pennings (1975) who assessed the relationship between organizational structure, environmental uncertainty together with various performance aspects also support the theory. According to Jeong (2012), other contingency factors include; change in government policy or law, change in demand of customer for goods and services, changes in environment or climate changes.

The Contingency theory's major concern is that strategies implemented are highly effective in enhancing performance in one situation might not work in others. The contingency theory was later in 2001 modified by Donaldson through combining six controversies and three problems that were attributed to the traditional contingency theory to form the Neo-contingency theory also called the Theory of Performance-Driven Change. The contingency theory was however criticized by Child (1972) on the grounds that structure is not entirely determined by changes in contingencies. The theory has relevance to the current study for its proposition that organizations implement strategies based on their unique experiences it will enhance corporate performance.

### 2.2.3 The Seven S (7s) Model

The Seven S (7S) model of Strategy implementation was developed from the work of the strategy consultant McKinsey (1977). The model was later in 1980 re-examined and modified by Waterman, Peters and Philips. This approach proposes that firm managers both in big corporations and small firms needs to consider all the seven factors which include; strategy itself, structure of the firm, systems used, style, super ordinate Goals, staff and skills they poses to be ensure success of strategy implementation . Alexander (1991) latter added that all the seven factors are interdependent. The model assumes that the organizations , need to align the seven elements and also mutually reinforce them to perform well.

In this model, the seven factors include; Strategy which involves a set of goals and the means used to achieve them; Structure refers the organization of people and tasks in the organization; Systems involve all the processes involved and information flows which link the organization together; Style refers to the behaviour of managers in the organization; Staff refers to the people available to implement the strategy and their qualifications; super ordinate Goals refer to the firm's longer-term vision, require the cooperation of the employees to achieve and shapes the destiny of the organization and finally; skills which include the attributes or capabilities that exist in the organization (Alexander, 1991).

This model is criticized by D'Aveni on the grounds that the consistency of this theory makes the organization activities predictable and thus easier for the competitor to follow the strategy anticipate and beat it (Simister, 2011). The 7s model is however relevant to this study for its proposition that when firms consider their strategy, structure, systems, styles, super ordinate Goals, staff and skills when implementing strategies, the ought to successfully implement their strategies which will in turn enhance their performance.

## 2.3 Determinants of Corporate Performance

Determinants of corporate performance are divided into corporate specific (Internal) factors and external factors. Corporate specific factors include factors that are internal and within the control of the corporation. They include; asset quality, liquidity management, firm size, leverage, capital adequacy and management efficiency. External factors on the other hand include factors external to the corporation thus the corporation has no control over them. These include factors such as; taxes, the country's Gross Domestic Product (GDP), macroeconomic policy stability, political instability and inflation.

Macro-economic factors are indicators of the country's economic performance. They include factors such economic output in terms of Gross Domestic Product (GDP), taxes, inflation, unemployment, interest rate, political instability, saving and investment. In a study by Johansson, Heady, Jens, Brys and Vartia (2009), it was concluded that the country's taxes affect the performance of firms in that when taxes are high, they will affect the firm performance negatively and vice versa. Athanasoglou et al. (2005) in their study establish that the trends in the country's GDP also affect the performance of firms through shifting the manufacturing firm's demand and availability of credit. Ayanda et al. (2013) finding conflicted with Athanasoglou et al.'s (2005) findings by suggesting that a country's GDP growth rate and Inflation Rate does not significantly affect the profitability hence performance of manufacturing firms.

On political instability, the study by Hosny (2016) established that political instability negatively affects firm performance by either increasing or reducing the risk of doing business by manufacturing firms. According to Dinh, Malesky, To and Nyuyen (2013), the prevailing interest rates also affect the performance of manufacturing firms through raising or lowering the cost of borrowing. The stability of a country's macroeconomic policies also found to affect the performance of manufacturing firms. The corelation between a nation's inflation level and performance of manufacturing firms is still unclear though money supply is significantly and positively related with firm profitability. A study by Modebe and Chijindu (2016) established that the relationship between exchange rate, output growth, inflation and interest rate and the performance of firms is unidirectional.

Liquidity refers to the corporation's ability to fulfill its financial obligations. Liquidity management especially by listed corporation is of two forms; the ability to trade assets on the market for instance bonds or stocks at their current prices; or the ability to meet cash obligations without incurring substantial losses (Ross, 2014). Researchers such as Dang (2011) suggest that corporations that maintain adequate levels of liquidity, are profitable hence perform well since firm liquidity is positively related to corporate profitability.

A study by Agbada and Osuji (2013) established a significant positive correlation between corporate performance and efficient management of firm liquidity. Sanghani (2014) determined correlation of financial performance and liquidity management of non-financial firms trading at the NSE and noted that there's a positive and significance relationship. Other studies such as Olagunju et al. (2011) also establish a good correlation between liquidity performance and corporate performance.

Corporate size is a very significant determinant of a corporate performance (Core, Guay & Rusticus, 2005). There are various ways of measuring corporate size for instance the number of employees, the total assets owned by the corporation or the market share acquired by the corporation. The relationship corporate size and performance however gives mixed results. Researchers on one hand suggest a good correlation of the two variables while others on the other hand suggest a negative relationship. Some scholars even imply that there is no relationship. A study by Pervan (2012) on influence of firm size on busyness success established that firm size has a significant positive although weak relationship to firm profitability hence performance.

Titman and Wessels (1988) established that big corporations are more diversified thus have lesser chances of bankruptcy and hence mostly show a positive relationship between size and profitability hence performance. Rajan and Zingales (1995) however disagreed by proposing that in large corporations there is less asymmetrical information which thus show a negative correlation between size of the corporation and its performance.

Management Efficiency is among the most important factors that determine the performance of corporations. According to Hart and Moore (1995), management efficiency will also determine the decisions managers make for instance the financial structure adopted by the corporation. Although capturing management efficiency using financial ratios is complex it's expressed through financial ratios for instance total asset growth. Efficiency in management is obtained through operational efficiency in the management of the expenses of operating the corporation. Ongore and Kula (2013) suggest that the "capability of the management to deploy its resources efficiently, reducing operating costs and income maximization" can also be used to measure management efficiency.

Leverage refers to money borrowed to invest. According to Khanna and Tice (2005), “firm leverage is given by long term debt + current portion of long term debt) divided by total assets”. Weill (2003) looked at the correlation of leverage and corporate performance and established that the two variables do not generally have a positive or negative relationship and that it depends on the country or firm of reference. The conclusion was drawn from the study’s findings that firm in Italy were found to show a significantly negative relationship while those in France and Germany were found to a significantly positive relationship (Weill, 2003). Majumdar and Chhibber (1999) assessed the relationship between leverage and corporate performance in Indian companies and found a negative.

## 2.4 Challenges of Strategy Implementation

Strategy implementation is faced by many challenges. According to Sterling (2003) as cited in Koyana (2009) organizations have no challenges formulating a strategy. The diffulties come with implementation. Downes (2001) suggested that challenges that firms face when implementing strategies fall into two categories: external challenges and internal challenges. The internal and external challenges are also influenced by the level of flexibility organizations possess when it comes to launching strategic initiatives.

In a survey by Hrebiniak (2005) that included 400 managers, the researcher established that some of the challenges that faced implementation of strategy which is successful are: lack of strategy ownership between crucial workers; lack of guidelines for guiding the execution of strategy; lack of understanding of corporate structure and design in the process of implementation; Difficulty in generating "buy-in" or agreement on key steps or actions of execution; Inadequate incentives for supporting the objectives of execution; lack of financial resources for executing the strategy.

A study by Al-Ghamdi (2005) established thirteen implementation challenges which included; longer length of time of implementation strategy, not identifying major problems earlier, insufficient coordination, insufficient skills and capabilities of employees involved, lack of guidance and to lower level employees, lack of leadership provided by managers, not defining key implementation tasks, poor systems of communication used to monitor and implement strategies, lack of participation by champions of the strategy in decision making, lack of understanding of the strategy's overall goal by the employees, lack of measurement or reward of the people involved in the strategy implementation, crucial strategic decision formulators failed to take part in implementation and lack of understanding of the role of organizational structure and design in the implementation of the strategies.

Other challenges which are cited include; poor communication, absence of commitment, weak management roles, lack of alignment of organizational resources and systems to the strategy, poor coordination, poor understanding of the strategy. (Alexander, 1991) as cited by Kagendo (2013).

## 2.5 Empirical Studies and Knowledge Gaps

Chaimankong (2012) determined the “impact of strategy implementation on performance of Generic Strategy in Thailand”. The study collected data from 111 firms operating in the chemical industry of Thailand. The study also found that although the success in strategy implementation significantly predict firm performance, the ANOVA output showed that successful strategy implementation didn’t change the correlation of Miles and Snow strategic type and the performance of a firm. The study however concluded that “the relationship between Miles and Snow strategic type and the performance of the firm may be universal, irrespective of the location where the study is conducted”. The study then recommended that this area of study requires additional studies especially on other contexts before the conclusion can be made.

Musalika et al (2016) looked to assess the impact of implementation of strategic plan on the performance of Bralirwa Ltd in Rwanda by employing descriptive research design. The study’s population was the employees of Bralirwa Ltd at different managerial position and in all the departments. The researchers used random sampling technique to obtain a sample of 30 people out a population of 32. His study employed questionnaires. The study determined that strategic plan implementation and performance of Bralirwa Ltd were positively correlated. The researchers also found that the structure of organization, allocation of resources and control and evaluation tools possess an association with strategy implementation and also have a positive association with firm performance. His study thus concluded that strategic plan implementation has a strong impact on firm performance.

Sorooshian, Norzima, Yusof and Rosnah (2010) examined the association "between strategy implementation and the performance of small and medium manufacturing firms in Iran". Their research focused on three aspects in strategy implementation which include: organizational structure, resource allocation and leadership styles. Their research used questionnaires to collect data. Data was collected from 163 entrepreneurs who had formed the population of the study. The firm structure and allocation of resources were found to affect strategy implementation that thus affected the firm performance. Their study also established that leadership style of the entrepreneur has considerable impact on implementation of strategy.
The researchers also established that strategy implementation plays a positive and crucial role in enhancing the financial performance of any organization.

Mwangi (2012) assessed the challenges of "strategy implementation at the ministry of state for development of Northern Kenya and other Arid Lands". The study adopted interview guides to collect data from the managers. The researcher found out that "the factors that influence strategy implementation in Ministry of Northern Kenya were the financial capacity of the firm, involvement of board of directors and the employees in implementing the strategic, top management support, the structure of the organization, communication process in the firm, the firm's human resource capability and also staff motivation". The study then concluded that effective strategy implementation enabled the firm to attain a competitive advantage over other firms and in these case ministries.

Muchira (2013) employed a cross-sectional survey in finding out the impact of strategy implementation on Kenya's commercial banks' performance. The researcher employed both primary and secondary data. The study established that strategy implementation influences the performance of organizations. The study also found that strategy implementation enhanced the financial performance of firms to greatly through improving the organization's profitability, sales volume, business turnover and organizational growth. The researcher thus concluded that implementation of strategies has an influence on organizational performance. The researcher then recommended that organizations need to formulate and well implement strategies that guides its operation to financially perform well.

Jepkosgei (2015) determined the relationship "between strategy implementation and firm performance among manufacturing firms in Kenya". Researchers target population was the manufacturing firms that are registered with Kenya Association of Manufacturers. The study employed a descriptive research design. The researcher collected primary data from the CEOs and Managers in the manufacturing firms. The analysis was based on 264 questionnaires returned out of the 300 questionnaires administered to manufacturing firm CEOs and managers. This research project established that there "exist a significant relationship between strategy implementation and the performance of the manufacturing firms in Kenya".

The literature reviewed leaves some gaps in knowledge. Some of the empirical studies are based on other countries and not Kenya which cannot be used to conclude the same on Kenya due to the difference in conditions and factors such as economic, market, business and regulatory factors. For instance; Chaimankong (2012) based his study on Thailand. Musalika et al (2016) based their study on Rwanda. Sorooshian et al. (2010) on the other hand is based on Iran. Most of the local studies concentrated on different contexts and not this study's context which is cement manufacturing firms in Kenya, for instance, Mwangi (2012) focused on "the ministry of state for development of Northern Kenya and other Arid Lands". Muchira (2013) focused on commercial banks. Jepkosgei (2015) focused on manufacturing firms in Kenya. This study seeks to bridge these gaps through determining the impact of strategy implementation on corporate performance of Kenya's cement manufacturing firms.

## 2.6 Strategy Implementation in Organizations

Based on the literature reviewed, the five steps of strategy implementation are; aligning initiatives, aligning budget to performance, transforming the firm structure, staff engagement and motoring and evaluation.

Aligning initiatives involves reviewing every activity against its relevance in the new strategy (Berg, 2012). This study will find out the extent the cement manufacturing firms has created a strategic value measurement tools for new and existing initiatives, whether the company analyses initiatives against their strategic value and its impact to the performance of the company. The study will also find out whether the cement manufacturing firms in Kenya measures its initiatives against a scorecard and the extent to which the company ensures the right initiatives are adopted for delivery.

Aligning budget to performance involves allocating and managing the budget to ensure it delivers the departments' strategic initiatives (Berg, 2012). This study will find out the extent to which corporate performance initiatives are linked to strategy, the extent to which the organizations ensures well allocated specific budgets.

Transforming the firm structure involves changing the structure through allocation of new roles to ensure that they are in line with the new strategy (Berg, 2012). This study will establish the extent to which the corporations have changed their structure to reflect the new strategy and if this has enabled the corporations achieve efficiency and effectiveness in their operations. The study will also establish the extent to which the corporations design structures that enable implementation of strategic goals that suit the demand of the corporation's market place, customers and business model.

Staff engagement involves ensuring that the staff is behind the strategy through involving them in every step of the strategy implementation and also ensuring that they understand what is needed (Berg, 2012). This study will establish whether the staff at the cement manufacturing firms are prepared for change before strategy implementation is done, if the employees are included in the strategy planning , the extent to which strategic vision, themes and roles are communicated to staff and also the extent to which the strategy implementation process is clarified so that the employees are aware of the expectations.

Monitoring and evaluation involves overseeing the strategy implementation activities to ensure that they are flexible and adaptable organizational needs (Berg, 2012). This study will find out whether regular strategy meetings have been held throughout the year and whether initiatives are assessed for performance and strategy relevance. This study will also try to establish the extent to which strategy inform the operations and structure of Kenya's cement manufacturing companies. This study also aims at establishing the extent to which the strategy is used as a pillar against which the corporation assesses its priorities, actions and performance.

Chapter two presented the literature both theoretical and empirical on the effect of strategy implementation on corporate performance among cement manufacturing firms. This study reviewed two theories and a model which include; Resource Based View, Contingency theory and the Seven S (7S) model of Strategy implementation. The theories together with the model reviewed however lack a common understanding on strategy implementation and corporate performance. Based on the literature reviewed, the five steps of strategy implementation are; aligning initiatives, aligning budget to performance, transforming the firm structure, staff engagement and motoring and evaluation. From the empirical literature, it can be summarized that strategy implementation possesses a positive effect on corporate performance. However, the studies did not focus on the context of the study.

## 2.7 Chapter Summary

The chapter reviewed the literature both theoretical and empirical on the study. The study reviewed the theories that tried to explain the challenges that are faced when implementing strategies. This was then followed with the review of the challenges that face strategy implementation and the empirical studies on the challenges of strategy implementation and its relationship to the performance of the firm. It is then followed by a review of how strategy is implemented in organizations.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

The chapter is about the research framework and methodology which was employed to determine the impact of strategy implementation on corporate performance of firms that manufacturing cement in Kenya. The chapter discussed the following aspects: the research design, target population, procedure of data collection methods and techniques of data analysis.

In research design, this study discussed the research design that was adopted by the researcher. The study justified the choice of the research design. The study also discussed the target population. The section on target population started by defining what a target population is and then proceeded to specify the population of interest to this study.

The study also discussed the procedure and method that was followed during data collection. The chapter also discussed the methods and techniques that were employed to carry out data analysis. This chapter also discussed how the study findings were presented. Lastly, the chapter discussed the reliability and validity of the research instrument that was used and how the two was measured.

## 3.2 Research Design

A descriptive cross sectional survey research design. Mugenda and Mugenda (2003was employed to define research design as "the structure, plan and strategy that was adopted in order to answer various research questions". This project adopted a descriptive research design as it makes it possible to describe target population of interest. The design further made it possible to describe the impact of strategy implementation on corporate performance of cement manufacturing companies in Kenya.

## 3.3 Population of the Study

Target population as defined by Kothari (2004) as "the sum of respondents in a field that the researcher is interested in". Further, Mugenda & Mugenda (2003) described target population as the total number of subjects to whom the study's findings shall be generalized. For this study, the target population was the five major cement manufacturing companies operating in Kenya, East African Portland Cement Company, Bamburi Cement Limited, Athi River Mining (ARM) Ltd, Savannah Cement and Rhino Cement as shown in Appendix I. The respondents were selected through Census.

## 3.4 Data Collection

This study utilized primary data. Data collection was by use of semi-structured questionnaires which were distributed using "drop-and-pick-later method". This method ensured that the questionnaires were adequately filled. The questionnaire was the chosen data collection method because it allowed standardized data collection from the respondents. This study targeted the 5 senior managers in each of the cement manufacturing firms in Kenya.

The questionnaire contained questions that are both open-ended and closed-ended. The questionnaires were sub-divided into three sections. Section A had questions on general information about the respondents and their respective firms; Section B comprised questions in regard to the extent of strategy implementation among cement manufacturing firm while Section C contained questions on the corporate performance of cement manufacturing firm in Nairobi.

## 3.5 Data Analysis

The duly filled and received questionnaires were serialized, coded and then entered into Statistical Package for Social Sciences (SPSS Version 23) for thorough analysis. The study utilized factor analysis to determine the challenges of strategy implementation and how they affect the performance of cement manufacturing firms in Nairobi. Qualitative data captured by use of open-ended questions underwent analysis using content analysis where the content was organized into homogenous themes. This study's results was presented by use tables as well as figures.

## 3.6 Reliability and Validity

### 3.6.1 Reliabity test

Reliability indicates whether research instrument measures what it purports to measure. The reliability was tested using the Cronbach's Alpha co-efficient. This would indicate whether the said instrument has internal consistency. A Cronbach Alpha co-efficient equal to or greater than 0.7 was used as a threshold of an internally consistent research questionnaire. The researcher conducted a pilot study by issuing three questionnaires to employees of the cement manufacturing firms but who were not considered during the actual data collection.

### 3.6.2 Validity test

Validity is the "accuracy or meaningfulness and technical soundness of the research." To ensure validity of the study questionnaire, the researcher conducted a pilot study and issued three questionnaires to respondents. Piloting helped in clarifying the instrument's wording as well as the grammar in order to prevent misinterpretations and research bias, for detecting ambiguous questions and for picking out in prior any problems in the research methods. This ensured that the data collected was valid.

# CHAPTER FOUR: DATA ANALYIS, FINDINGS AND DISCUSSIONS

## 4.1 Introduction

The chapter contains the analysis and discussions of findings in relation to the challenges of strategy implementation and performance of cement manufacturing firms in Nairobi. The researcher collected primary data from senior managers a cement manufacturing firms in Nairobi with the use of a questionnaire. Descriptive statistics for instance frequencies, standard deviations, means as well as percentages were used in analyzing the data obtained. The presentation of the findings was by use of tables and figures.

## 4.2 Response Rate

The researcher administered 25 questionnaires to senior managers in cement manufacturing firms in Nairobi. The researcher managed to get response from 23 respondents. This equaled response rate 92% which the researcher considered an adequate compared to the 80% response rate recommended by Edwards, Clarke and Kwan (2002).

**Table 4.1: Response Rate**

| Response Rate | Frequency | Percentage |
|---|---|---|
| Response | 23 | 92 |
| None Response | 2 | 8 |
| **Total** | **25** | **100** |

**Source: Research Findings (2018)**

## 4.3 Reliability Test

Reliability test was done to check whether the questionnaire was internal consistent with Cronbach's Alpha co-efficient of 0.7 or more being utilized as an indicator of an internal consistency. The reliability test findings are as shown in Table 4.2.

**Table 4.2: Reliability Test**

| | Cronbach's Alpha | No. of Items |
|---|---|---|
| Challenges of Strategy Implementation | .843 | 14 |
| Solution to Challenges | .813 | 9 |
| Corporate Performance | .797 | 5 |
| **Aggregate** | **.818** | **28** |

**Source: Research Data (2016)**

Reliability test findings revealed that the questionnaire was internally consistent as evidenced by the aggregate Cronbach's Alpha co-efficient of 0.818. Challenges of Strategy Implementation, Solution to Challenges and Corporate Performance recorded Cronbach's Alpha co-efficients of 0.843, 0.813 and 0.797 respectively indicating that even the sections of the questionnaire were independently internally consistent. The study questionnaire could therefore be relied upon in determining the challenges of strategy implementation and performance of cement manufacturing companies in Nairobi.

## 4.4 General Information

The respondents were requested to provide general information about themselves and their firms. The information sought was to do with the position held, education level , working experience, length of time firms had been in operation and firms size in relation to the number of employees.

### 4.4.1 Job Position Held

The respondents were further requested to indicate the positions they held in their organizations. The study's findings are as presented in Table 4.3.

**Table 4.3: Job Position Held**

| **Position** | **Frequency** | **Percent** |
|---|---|---|
| Plant Manager | 5 | 21.7 |
| Quality Assurance | 4 | 17.4 |
| Accountant | 2 | 8.7 |
| Marketing Manager | 2 | 8.7 |
| Supervisor | 2 | 8.7 |
| Chemical Engineer | 1 | 4.3 |
| Communication Manager | 1 | 4.3 |
| Corporate Affairs | 1 | 4.3 |
| Finance Director | 1 | 4.3 |
| Finance Manager | 1 | 4.3 |
| General Manager | 1 | 4.3 |
| Head of Human Resources | 1 | 4.3 |
| Safety Manager | 1 | 4.3 |
| **Total** | **23** | **100.0** |

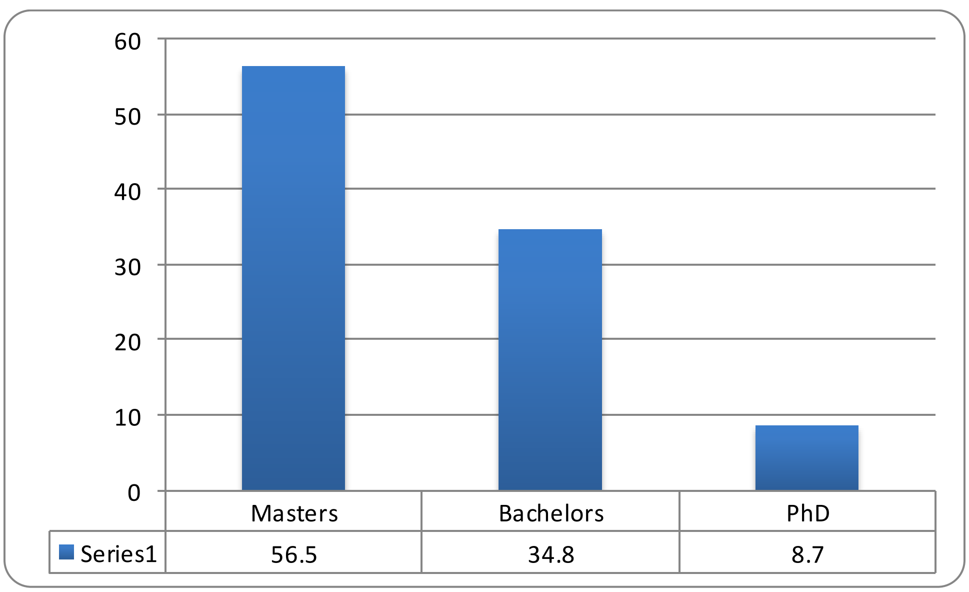
**Source: Research Findings (2018)**

The finding above indicates that the respondents held different positions in their place of work. Most (21.7%) of the respondents were plant managers followed by quality assurance managers at 17.4% and then accountants at 8.7%. Marketing Managers and supervisors also accounted for 8.7% each. Chemical engineers, communication managers, corporate affairs, finance directors, finance managers, general managers, HR Managers and Safety Managers accounted for 4.3% each. The findings reveal that the respondents held senior positions and therefore are able to understand the challenges of strategy implementation and performance among cement manufacturing firms in Nairobi.

### 4.4.2 Education level

The study also intended to determine the respondents' education level. The study findings are as depicted in Figure 4.1.

**Figure 4.1: Distribution by Education level**



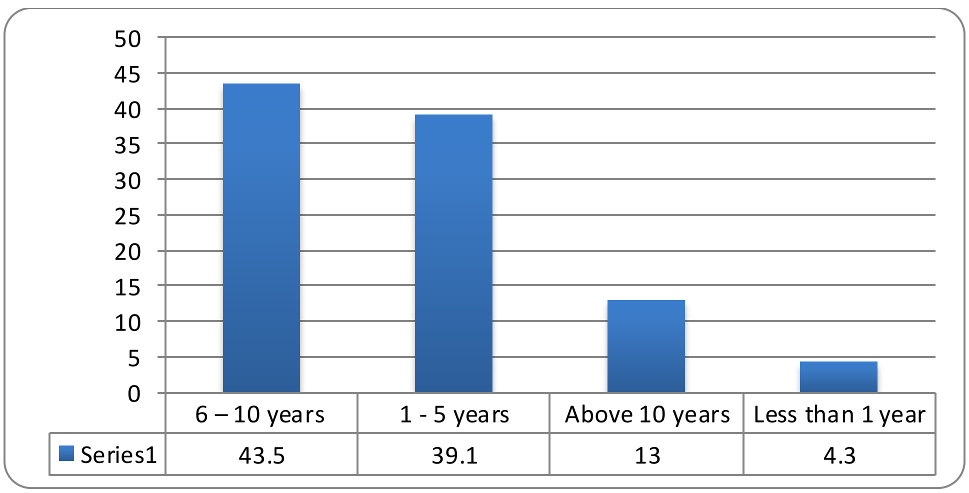

**Source: Research Findings (2018)**

The project established that majority (56.5%) of the respondents held a masters education level followed by the respondents with a bachelors education level at 34.8% and then those with PhD at 8.7%. This clearly indicates that the respondents' level of education allowed them to understand the challenges of strategy implementation and performance among cement manufacturing firms in Nairobi.

### 4.4.3 Working Duration

The study further inquired into the number of years the respondents had been working for the cement manufacturing companies in Nairobi. The results are as depicted in figure 4.2.

**Figure 4.2: Working Duration**




**Source: Research Findings (2018)**

The findings reveals that most (43.5%) of the respondents had been working for their cement manufacturing firms in Nairobi for 6-10 years followed by 39.1% of the respondents who had been working there for 1-5 years. Those with a working duration of over 10 years were 13%. Only 4.3% of the respondents said they had been working for the firms for less than 1 year.

### 4.4.4 Years in Operation

This study further sought to determine the number of years the cement manufacturing firms in Nairobi had been operating. The findings are as depicted in Table 4.4.

**Table 4.4: Years in Operation**

| Duration | Frequency | Percent |
|---|---|---|
| Above 15 years | 3 | 60 |
| 6 – 10 years | 2 | 40 |
| **Total** | **5** | **100** |

**Source: Research Findings (2018)**

This study established that majority (60%) of the cement manufacturing firms in Nairobi had been in operation for working for over 15 years. These firms include East African Portland Cement Company, Bamburi Cement Limited and Athi River Mining. Only 40% of the cement manufacturing firms in Nairobi had been in operation for 6 – 10 years. These firms include Rhino Cement and Savannah Cement. These findings are an indication that the cement manufacturing firms had been in operation long enough to understand the challenges faced when implementing various strategies.

### 4.4.5 Size of the Cement Firms

This study further sought to determine the size of the cement manufacturing companies in Nairobi. The results are as depicted in Table 4.5.

**Table 4.5: Size of the Cement Firms**

| | **Frequency** | **Percent** |
|---|---|---|
| Above 100 employees | 4 | 89 |
| 51 - 100 employee | 1 | 20 |
| **Total** | **5** | **100** |

**Source: Research Findings (2018)**

The studies established that majority (80%) of the cement manufacturing firms in Nairobi are big firms with over 100 employees. Only 20% of the firms had 51-100 employees. These findings show that the cement manufacturing firms were big enough to understand the challenges faced when implementing various strategies.

## 4.5 Descriptive Statistics

Here, this study sought to establish the extent to which various challenges are faced by cement manufacturing firms in Nairobi when implementing strategies. The interviwees were asked to show the extent to which the challenges were faced. The statements were rated on a Likert scale of 1-5 where: 1= No Extent; 2= Little Extent; 3= Moderate Extent; 4= Great Extent; 5=Very Great Extent. The recorded mean scores were interpreted by use of the interpretation scale below:

**Table 4.6: Interpretation Scale**

| Scale | Interpretation |
|---|---|
| 1.00 - 1.49 | No Extent |
| 1.50 - 2.49 | Little Extent |
| 2.50 - 3.49 | Moderate Extent |
| 3.50 - 4.49 | Great Extent |
| 4.50 - 5.00 | Very Great Extent |

**Source: Researchers (2018)**

### 4.5.1 Challenges of Strategy Implementation

This study aimed at determining the extent to which cement manufacturing firms in Nairobi were experiencing various challenges when implementing strategies. These are depicted as in Table 4.7.

**Table 4.7: Challenges of Strategy Implementation**

| Challenges | Mean | Std. Deviation |
|---|---|---|
| Uncontrollable factors in the external environment | 3.74 | 1.251 |
| Inadequate budget to implement the strategies | 3.65 | 1.301 |
| Inadequately defined key implementation tasks | 3.43 | 0.945 |
| Resistance to change by the staff | 3.39 | 1.196 |
| Lack of understanding of the strategy by implementers | 3.30 | 1.222 |
| Inadequate implementation personnel | 3.30 | 1.222 |
| Poor communication in the organization | 3.26 | 1.176 |
| Lack of top management support | 3.04 | 0.928 |
| Un-supportive organizational culture | 2.91 | 1.083 |
| Lack of adequate experience in strategy implementation | 2.91 | 1.083 |
| Absence of qualified implementing personnel | 2.74 | 1.214 |
| Inadequate leadership and direction from managers | 2.74 | 1.137 |
| Absence of monitoring and evaluation systems | 2.70 | 0.974 |
| Absence of the appropriate structures | 2.65 | 1.191 |
| **Aggregate Mean** | **3.13** | **1.138** |

**Source: Research Findings (2018)**

The study recorded an aggregate mean of (*M*=3.13, *SD*= 1.138) indicating that cement manufacturing firms in Nairobi were facing the challenges to a moderate extent when implementing strategies. The most faced challenges were Uncontrollable factors in the external environment and Inadequate budget to implement the strategies with an average of (*M*=3.743, *SD*= 1.251) and (*M*=3.65, *SD*= 1.301) respectively indicating they were faced to a great extent. Inadequately defined key implementation tasks; Resistance to change by the staff; Lack of understanding of the strategy by implementers and inadequate implementation personnel were the other most commonly faced challenges. However, the respondents were of varying opinion in regard to the extent to which the challenges were face as evidenced by the standard deviations that was faced.

### 4.5.2 Overcoming the Challenges

The study further sought to know how the challenges faced by cement manufacturing firms in Nairobi can be resolved when implementing strategies. These are shown as in Table 4.8

**Table 4.8: Overcoming the Challenges**

| **Solution** | **Mean** | **Std. Deviation** |
|---|---|---|
| Training of the personnel to be involved in implementation | 4.57 | 0.507 |
| Setting aside adequate budget to implement the strategies | 4.39 | 0.499 |
| Involved staff from the start of strategy formulation | 4.22 | 0.422 |
| Preparing for any interference from the external environment | 4.13 | 0.548 |
| Clear definition of key implementation tasks and activities | 4.13 | 0.626 |
| Commitment and leadership from the top management | 4.04 | 0.562 |
| Proper co-ordination and communication | 3.96 | 0.638 |
| Putting in place monitoring and evaluation systems | 3.83 | 0.650 |
| Creation of a supportive organizational culture | 3.70 | 0.703 |
| **Aggregate Mean** | **4.11** | **0.573** |

**Source: Research Findings (2018)**

This study recorded an aggregate mean of (*M*=4.11, *SD*= 0.573) indicating that the methods given could help overcome the challenges faced by cement manufacturing firms in Nairobi to a great extent. The most effective methods of overcoming challenges was training of the personnel to be involved in implementation (*M*=4.57, *SD*= 0.507). The other highly rated solutions were setting aside adequate budget to implement the strategies (*M*=4.39, *SD*= 0.499); Involved of staff from the start of strategy formulation (*M*=4.22, *SD*= 0.422); Preparing for any interference from the external environment and Clear definition of key implementation tasks (*M*=4.13, *SD*= 0.548) and activities with the mean scores as shown alongside (*M*=4.13, *SD*= 0.626). The solutions can help tackle the challenges to a great extent. The variations in respondents opinions is as evidenced by the standard deviations recorded.

### 4.5.3 Corporate Performance

Lastly, the study aimed at determining the impact of strategy implementation challenges on the corporate performance of cement manufacturing companies in Nairobi. These are shown as in Table 4.9.

**Table 4.9: Corporate Performance**

| **Statement** | **Mean** | **Std. Deviation** |
|---|---|---|
| Increase in market share | 4.30 | 0.559 |
| Increase in sales | 4.17 | 0.491 |
| Reduction in fixed costs | 4.13 | 0.458 |
| Reduction in operational cost | 4.04 | 0.475 |
| Increased customer satisfaction | 3.91 | 0.668 |
| **Aggregate Mean** | **4.11** | **0.530** |

**Source: Research Findings (2018)**

Strategy implementation challenges affect corporate performance of cement manufacturing firms in Nairobi to a great extent as indicated by a mean score of (*M*=4.11, *SD*= 0.530). The most affected parameters of corporate performance are increase in market share (*M*=4.30, *SD*= 0.559); increase in sales (*M*=4.17, *SD*= 0.491) and Reduction in fixed costs (*M*=4.13 *SD*= 0.458). Reduction in operational cost and increased customer satisfaction were also affected to a great extent as indicated by mean scores of (*M*=4.04, *SD*= 0.475) and (*M*=3.91, *SD*= 0.668) respectively.

The contingency theory correlates with this study as it states that those techniques that worked in one situation did not work in others. This theory proposes that there is no single best approach of implementing strategies to enhance corporate performance. Organisations should develop approaches of implementing strategies basing on conditions they are going through. The contingency theory's major concern is that strategies implemented are highly effective in enhancing performance in one situation might not work in others. This theory has relevance to the current study for its proposition that organisations implement strategies based on their unique experiences it will enhance corporate performance.

# CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1 Introduction

The chapter contains the study's summary, conclusion and recommendations whereby the objective was to establish the challenges of strategy implementation and performance of cement manufacturing firms in Nairobi. It also contains recommendations for practice and policy and the suggestions for further research.

## 5.2 Summary of Findings

The study's objective was to establish the challenges of strategy implementation and performance of cement manufacturing firms in Nairobi. The data was obtained from the senior level managers of cement manufacturing firms in Nairobi. The collected data was analysed by use descriptive statistics for example standard deviations, percentages, means and frequencies and then presented in form of tables as well as figures.

This study recorded a response rate of 92% having collected 23 out of the 25 that were administered. Reliability test revealed that the questionnaire was internally consistent as evidenced by the aggregate Cronbach's Alpha co-efficient of 0.818 and therefore it could be relied upon in determining the challenges of strategy implementation and performance of cement manufacturing companies in Nairobi.

The respondents held different positions in their place of work. Majority of the respondents were plant managers, followed by quality assurance managers and then accountants. Others included marketing managers, supervisors, chemical engineers, communication managers, corporate affairs, finance directors, finance managers, general managers, HR Managers and safety managers. Majority of the respondents had masters level of education followed by those with a bachelors level of education. Most of the respondents had been working in their firms for 6-10 years,1-5 years. The study found out that most of the organizations had been in operation for working for over 15 years while the others had been in operation for 6 – 10 years. Further, majority of the firms were big firms with over 100 employees.

Cement manufacturing firms in Nairobi are facing the challenges to a moderate extent when implementing strategies. The most faced challenges were uncontrollable factors in the external environment and inadequate budget to implement the strategies where they were faced to a great extent. The other key challenges include inadequately defined key implementation tasks; Resistance to change by the staff; Lack of understanding of the strategy by implementers and inadequate implementation personnel.

The methods given could help overcome the challenges faced by cement manufacturing firms in Nairobi to a great extent. The most effective methods of overcoming challenges was training of the personnel to be involved in implementation followed by setting aside adequate budget to implement the strategies; involvement of staff from the start of strategy formulation; preparing for any interference from the external environment and clear definition of key implementation tasks and activities.

Strategy implementation challenges affect corporate performance of cement manufacturing firms in Nairobi to a great extent. The most affected parameters of corporate performance are increase in market share; increase in sales and Reduction in fixed costs. Reduction in operational cost and increased customer satisfaction were also affected to a great extent.

## 5.3 Conclusion

This study's conclusion is that cement manufacturing companies in Nairobi are facing strategy implementation challenges to a moderate extent. The challenges faced most include uncontrollable factors in the external environment and inadequate budget to implement the strategies where they were faced to a great extent. The other key challenges include inadequately defined key implementation tasks; Resistance to change by the staff; Lack of understanding of the strategy by implementers and inadequate implementation personnel.

The study also concludes that the most effective methods of overcoming strategy implementation challenges are training of the personnel to be involved in implementation followed by setting aside adequate budget to implement the strategies; involvement of staff from the start of strategy formulation; preparing for any interference from the external environment and clear definition of key implementation tasks and activities.

Further, the study concludes that corporate performance of cement manufacturing firms in Nairobi is affected by strategy implementation challenges to a great extent. The most affected parameters of corporate performance are increase in market share; increase in sales and Reduction in fixed costs. Reduction in operational cost and increased customer satisfaction were also affected to a great extent.

## 5.4 Policy Recommendations

The study found out that the most effective methods of overcoming strategy implementation challenges are training of the personnel to be involved in implementation; setting aside adequate budget to implement the strategies; involvement of staff from the start of strategy formulation; preparing for any interference from the external environment and clear definition of key implementation tasks and activities. The study therefore recommends that the ccement manufacturing firms in Nairobi should implement these interventions in order to reduce the impact of challenges when implementing strategies.

## 5.5 Study Limitations

A firm's information is confidential. Many of the respondents had some reluctance in giving out information as they feared that the information could be used against them and may bring their organizations ill repute. The researcher assured them that the information would be accorded utmost confidentiality and would only be utilized for academic purposes.

The accuracy of the results of the study was mostly based on the opinions of respondents regarding the effect of the challenges faced by cement manufacturing firms when implementing strategies. The researchers did not have a direct control over the accuracy of the information. They handled this by contacting the respondents for clarification on any ambiguous responses.

## 5.6 Suggestions for Future Studies

The scope of the study was on the challenges of strategy implementation and performance of cement manufacturing companies in Nairobi. The findings of this study can therefore not be generalized on non-manufacturing firms. Therefore, there is need for further researcher to establish the challenges that influence the corporate performance of service firms. This will help the researchers compare how different challenges affect the corporate performance of different industries.

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# APPENDICES

## APPENDIX I: LIST OF MANUFACTURING FIRMS IN KENYA

1. East African Portland Cement Company
2. Bamburi Cement Limited
3. Athi River Mining (ARM)Ltd
4. Savannah Cement
5. Rhino Cement

# APPENDIX II: RESEARCH QUESTIONNAIRE

This questionnaire seeks to collect data on the effect of strategy implementation on corporate performance of cement manufacturing firms in Kenya. Please fill in the questionnaire. Any information given will be accorded utmost confidentiality and shall be solely utilized for academic purposes. Your identity shall not be revealed.

**SECTION A: GENERAL INFORMATION**

1. What position do you hold in this firm?

   ………………………………………………..

2. Highest level of education

| | | | |
|---|---|---|---|
| Diploma | [ ] | Bachelor | [ ] |
| Masters | [ ] | PhD | [ ] |

   Any other (Specify) …………………..

3. How long have you been working in this firm?

| | | | |
|---|---|---|---|
| Less than 1 year | [ ] | 1 - 5 years | [ ] |
| 6 – 10 years | [ ] | Above 10 years | [ ] |

4. How long has your business been in operation?

| | | | |
|---|---|---|---|
| 1 - 5 years | [ ] | 6 – 10 years | [ ] |
| 11 - 15 years | [ ] | Above 15 years | [ ] |

5. What's the size of your firms in terms of the number of employees?

| | | | |
|---|---|---|---|
| 1 – 20 employees | [ ] | 21 – 50 employees | [ ] |
| 51 - 100 employees | [ ] | Above 100 employees | [ ] |

**SECTION B: CHALLENGES OF STRATEGY IMPLEMENTATION**

6. To what extent does your firm face the following challenges when implementing strategies? Tick appropriately by use of the following Likert scale of 1-5 where: 1= No Extent; 2= Little Extent; 3= Moderate Extent; 4= Great Extent; 5=Very Great Extent.

| **Challenge** | **Respondents Ratings** | | | | |
|---|---|---|---|---|---|
| Lack of top management support | 1 | 2 | 3 | 4 | 5 |
| Resistance to change by the staff | 1 | 2 | 3 | 4 | 5 |
| Absence of qualified implementing personnel | 1 | 2 | 3 | 4 | 5 |
| Lack of adequate experience in strategy implementation | 1 | 2 | 3 | 4 | 5 |
| Inadequate budget to implement the strategies | 1 | 2 | 3 | 4 | 5 |
| Absence of the appropriate structures | 1 | 2 | 3 | 4 | 5 |
| Inadequate implementation personnel | 1 | 2 | 3 | 4 | 5 |
| Poor communication in the organization | 1 | 2 | 3 | 4 | 5 |
| Un-supportive organizational culture | 1 | 2 | 3 | 4 | 5 |
| Lack of understanding of the strategy by implementers | 1 | 2 | 3 | 4 | 5 |
| Uncontrollable factors in the external environment | 1 | 2 | 3 | 4 | 5 |
| Inadequate leadership and direction from managers | 1 | 2 | 3 | 4 | 5 |
| Inadequately defines key implementation tasks | 1 | 2 | 3 | 4 | 5 |
| Absence of monitoring and evaluation systems | 1 | 2 | 3 | 4 | 5 |

**SECTION C: OVERCOMING THE CHALLENGES**

| **Strategy** | **Respondents Ratings** | | | | |
|---|---|---|---|---|---|
| Commitment and leadership from the top management | 1 | 2 | 3 | 4 | 5 |
| Involved of staff from the start of strategy formulation | 1 | 2 | 3 | 4 | 5 |
| Training of the personnel to be involved in implementation | 1 | 2 | 3 | 4 | 5 |
| Setting aside adequate budget to implement the strategies | 1 | 2 | 3 | 4 | 5 |
| Proper co-ordination and communication | 1 | 2 | 3 | 4 | 5 |
| Creation of a supportive organizational culture | 1 | 2 | 3 | 4 | 5 |
| Preparing for any interference from the external environment | 1 | 2 | 3 | 4 | 5 |
| Clear definition of key implementation tasks and activities | 1 | 2 | 3 | 4 | 5 |
| Putting in place monitoring and evaluation systems | 1 | 2 | 3 | 4 | 5 |

## SECTION D: CORPORATE PERFORMANCE OF MANUFACTURING FIRMS

7. To what extent do you rate the corporate performance of your firm using the parameters given below? Tick appropriately by use of the following Likert scale of 1-5 where: 1= No Extent; 2= Little Extent; 3= Moderate Extent; 4= Great Extent; 5=Very Great Extent.

| **Corporate Performance** | **Respondents Ratings** | | | | |
|---|---|---|---|---|---|
| Increased sales | 1 | 2 | 3 | 4 | 5 |
| Increased market share | 1 | 2 | 3 | 4 | 5 |
| Increased customer satisfaction | 1 | 2 | 3 | 4 | 5 |
| Reduction in operational cost | 1 | 2 | 3 | 4 | 5 |
| Reduction in fixed costs | 1 | 2 | 3 | 4 | 5 |

Thank you for participating in this study.