

**CHALLENGES OF IMPLEMENTATION OF GROWTH STRATEGY BY
WARTSILA EASTERN AFRICA LIMITED**

BY

PETER CHERUIYOT TONUI

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
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 submitted for examination in any other University.

Signature.....Date.....

Peter Cheruiyot Tonui

D61/81257/2015

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

Signature.....Date.....

Professor Evans Aosa

Professor of Strategic Management

Department of Business Administration

School of Business

University of Nairobi

DEDICATION

This project is dedicated to my entire family for all your support. To my mum and dad you always remain my inspiration and pillar of support. Your belief in me along with your support, words of motivation and encouragement are highly appreciated.

To my wife and kids it has been a journey that we have gone through together and your patience, love and support has made all this possible.

ACKNOWLEDGEMENT

This has all been possible through support and encouragement from different quarters. I thank God for the gift of life, good health and His blessings that have made all this possible.

My supervisor prof. Evans Aosa, professor of strategic management, University of Nairobi who patiently provided professional guidance for this research. His insights, pointers and words of encouragement were very valuable.

My fellow MBA colleagues for all the discussion and words of encouragement. Lastly a big thank you to my colleagues at Wartsila Eastern Africa for taking time from your busy schedules to participate in the interviews for the study data collection process.

TABLE OF CONTENTS

| | |
|---|-----|
| DECLARATION | ii |
| DEDICATION | iii |
| ACKNOWLEDGEMENT | iv |
| ABSTRACT | vii |
| CHAPTER ONE: INTRODUCTION | 1 |
| 1.1. Background of the Study | 1 |
| 1.1.1. Strategy Implementation | 2 |
| 1.1.2. Growth Strategy | 3 |
| 1.1.3. Challenges of Strategy Implementation | 3 |
| 1.1.4. Energy Sector in Kenya..... | 4 |
| 1.1.5. Wartsila Eastern Africa Limited | 5 |
| 1.2. Research Problem | 6 |
| 1.3. Research Objectives | 8 |
| 1.4. Value of the Study | 8 |
| CHAPTER TWO: LITERATURE REVIEW | 10 |
| 2.1. Introduction | 10 |
| 2.2. Theoretical Foundations | 10 |
| 2.2.1. Resource Based View..... | 11 |
| 2.2.2. Mckinsey 7S Framework | 12 |
| 2.2.3. Stakeholders Theory | 12 |
| 2.3. Strategic Management Process | 13 |
| 2.4. Implementation of Growth Strategy in Organizations | 14 |
| 2.5. Challenges in Implementing Strategy in Organizations | 15 |
| 2.6. Empirical Studies and Research Gaps | 16 |
| CHAPTER THREE: RESEARCH METHODOLOGY | 18 |
| 3.1. Introduction | 18 |
| 3.2. Research Design | 18 |
| 3.3. Data Collection | 19 |
| 3.4. Data Analysis..... | 19 |
| CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION | 21 |
| 4.1. Introduction | 21 |
| 4.2. Demographic profile..... | 21 |
| 4.3. Challenges of Growth Strategy Implementation at WEA | 22 |
| 4.3.1. Institutional challenges..... | 23 |

| | |
|--|----|
| 4.3.2. External environment challenges | 25 |
| 4.4. Measures Undertaken by WEA to Address the Strategy Implementation Challenges | 28 |
| 4.5. Discussion of Findings | 30 |
| CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION | 32 |
| 5.1. Introduction | 32 |
| 5.2. Summary of Findings | 32 |
| 5.2.1. Challenges of Growth Strategy Implementation at WEA..... | 32 |
| 5.2.2. Measures Undertaken by WEA to Address the Strategy Implementation Challenges | 33 |
| 5.3. Conclusion | 34 |
| 5.4. Recommendations | 35 |
| 5.5. Limitations of the Study | 35 |
| 5.6. Suggestions for further research | 36 |
| REFERENCES | 37 |
| Appendix: Interview Guide | 41 |

ABSTRACT

Strategy implementation involves converting the strategic plans into day to day actions which then generate results. This process follows strategy formulation. Implementation involves organization wide actions, participation and is prone to challenges and sometimes even failure. As there is no one universal approach to strategy implementations different organizations utilize different means resulting in a wide range of challenges and success rates. This study undertook to establish the challenges of implementation of growth strategy by Wartsila Eastern Africa Limited. WEA was chosen due to the energy industry it operates in and the multi-country and multi-cultural East African region it serves from its Nairobi head offices. WEA is a subsidiary of Wartsila Corporation, with head offices in Finland, which is one of the largest engine builder and supplier in the world. WEA was established to provide after sales services to Wartsila customers in the East African region. This study had two objectives to establish the challenges faced by WEA in implementing growth strategy and establish how these challenges were addressed. The study utilized a case study research design. Primary data was collected through face to face interviews with the aid of an interview guide. Eight respondents were interviewed, these constituted the top and middle level managers of the organization. Secondary data was obtained from company publications, press releases and company website. Content analysis was used to analyze the collected data. Study findings indicate that the growth strategy was formulated from Wartsila corporate headquarters. The company targeted growth through doing more business with existing customer base, expanding by reaching new customers and acquiring new businesses in growing markets. From findings the study concluded that WEA faces challenges in implementing its growth strategy in the East African region. One challenge was that this strategy was developed at corporate level with the whole group in mind and no participation by WEA management, therefore some of it did not fully align to the conditions of the East African market. Other challenges identified were unsupportive aspects of company structure, lack of specific staff with relevant skills to support new business initiatives in the targeted growing markets. Findings also indicated challenges in the wider Eastern Africa market related to major changes occurring that had not been anticipated, uncontrollable effects from the environment, political instability in some countries and changes in environmental conditions due to local government policies in the different countries and also international trade policies and sanctions. The study also established that WEA tried to address some of these challenges through trainings for staff to acquire necessary skills and also leveraging for support from other Wartsila subsidiaries when needed. On policy front WEA has been engaging different stakeholders both internally and externally to find some workable solutions both currently and going forward. In some instances however like for government policy WEA had no option but to comply. On other environmental changes they have had to develop action plans to adapt or negate the effects, including lobbying and consultations with relevant stakeholders. The study recommends that parties tasked with responsibility of the strategy implementation at WEA should be involved at the formulation stage so that their input, from knowing the market, should be taken into consideration. Study also recommends that the company should consider different strategy for different regions when there exists a divergence in environmental conditions. The study also recommends to governments in the East African to engage each other and harmonize policies on key industries like energy to be able to maximize benefits from resources in the region.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Strategy is said to be the plan of action which defines the direction a company takes in relation to the environmental conditions in order to achieve some desired targets or state in the future. Strategies are credited with helping organizations achieve their targets and thus be successful in their areas of operations. Chandler (1962) views strategy as a guide to an organization to achieving its long term goals. This is through identifying and setting long term goal and objectives, crafting plans to attain those objectives, providing resources necessary to execute the plans, monitoring the execution process, evaluating the results and implementing any corrective measures if needed. Strategy acts as the link between an organization and its environment, goal being well formulated and well implemented strategy guides the organization to tap into the opportunities in the environment while rationally utilizing its resources.

Strategy implementation is a critical phase where the plans are put into action and results whether positive or negative are seen after the implementation steps. According to Miller and Dess (1996) strategy implementation involves a wide range of efforts intended to transform strategic intentions into actions. The translation of the chosen strategy into organizational actions is aimed at guiding the organization reach its set out goals and objectives. Steps taken can either lead to success or failure of the chosen plans. Though it is imperative that the strategy is first well formulated, there are various factors and challenges that determine whether implementation will be successful or not. These factors can originate from either the organizations internal or external environment.

This research is anchored on three key theoretical foundations; the resource based view, the Mckinsey 7-S framework and the stakeholders' theory. RBV theory argues that an organizations competitive advantage is derived from its internal capabilities and resources at its disposal. The McKinsey 7-S framework advocates that an organization needs to take account of seven basic factors, namely; strategy, structure, skills, staff, style, systems, and shared values, for successful implementation of a strategy. The stakeholders' theory advocates that the relationships between an organization and its stakeholders is key for success.

As competition in the current business environment has increased and customers have become more informed, demand for and supply of quality products and services has become paramount for all organizations. To achieve this organizations have adopted strategies aimed at giving them an edge in their markets. Some in an effort grow their business and increase profitability have expanded and set up operations in various geographical locations. They do this in order to tap into opportunities in these markets or to offer their services closer to their customers.

This has giving rise to organisations, such as Wartsila Eastern Africa Ltd, set up in locations far away from their headquarters to serve customers in specific geographical regions. The diverse regions such organizations operate exposes them to varying environmental factors resulting in challenges during strategy implementation. The environmental factors these organizations are exposed to in different regions may be similar, but the degree of effects on their businesses vary. This is due to the differences in the nature of businesses they are involved in, their organization structures and their chosen strategy implementation methods. All these give rise to many unique challenges for each organization in their strategy implementation processes in the different locations.

1.1.1. Strategy Implementation

Strategic management is very important for organizations as it gives them direction and forms the basis of identifying priorities. It involves three main steps of strategy formulation, implementation and evaluation. Strategy implementation steps define the process through which strategy is translated into day to day activities. Pearce and Robinson (2007) noted that the implementation phase is stage where the plans are actioned and can be classified as the stage of operationalization and institutionalization of the chosen strategy to achieve the desired objectives.

Hrebiniak (2006) noted that though strategy formulation is difficult, implementation throughout an organization is an even bigger challenge. Thompson and Strickland (2003) also supported this point stressing that implementation step offered the most complication and took a lot of time in strategic management. These findings imply that the implementation phase needs more detailed attention in the strategy process in order to achieve positive results.

Pearce and Robinson (1988) noted that implementation may require major changes in the organization structure, culture and system. Most challenges arise when management fails to match these elements to the chosen strategy. Current nature of constant change in many organizations affects strategy implementation. Organizations chose their strategies based on current market situations and their long term plans. For each chosen strategy specific implementation actions have to be put in place and these will vary based environmental factors in play.

1.1.2. Growth Strategy

Growth strategies are adopted by companies which plan to grow their businesses through increased sales and profits. Ansoff (1957) developed the growth strategy matrix. The matrix highlighted how organizations could develop strategies to target new or current markets with new or current products to grow their businesses. He defined four broad growth strategies as market penetration, market development, product development and diversification and acquisitions. The strategy a company chooses is dependent on its environmental factors.

Market penetration growth strategy is adopted by organizations that seek to do more business with its current products and current customers. The idea is to increase business volume. In market development, organizations look to market their current products to new markets. Product development growth strategy is achieved by introducing new products to current markets.

Diversification growth strategy on the other hand involves introduction of new products in new markets. In acquisition growth strategy, an organizations takes over another in order to expand its market. When choosing either of these strategies an organization must develop good strategy implementation actions to ensure that the strategic objectives are attained.

1.1.3. Challenges of Strategy Implementation

Strategy is viewed as a guide for an organization to act in a particular manner as it heads towards a certain direction. The translation of the chosen strategy into organizational actions is aimed at leveraging on the organizations strengths to beat competition.

Depending on the formulation steps a bad or good strategy can be chosen. If a bad strategy is chosen it will not match the environmental requirements and result in failure.

Formulating a good strategy is the first step towards achieving success, followed by good implementation steps. Strategy implementation however good will fail if the strategy itself was not well formulated. On the other hand well formulated strategies result in failure if the implementation is poor. Implementation stage involves the outlining of the specific action points for all concerned parties. Here is where challenges arise. These challenges can either be due to the various internal and external factors. Pearce and Robinson (1988) noted that the implementation may require major changes in the organization structure, culture and system. Most challenges arise when management fails to match these elements to the chosen strategy.

Thompson and Strickland (1993) noted that unlike formulation, strategy implementation needed to be incorporated into day to day activities. Managers have to constantly evaluate the challenges from the environment and embrace necessary strategic responses as may be required from time to time. Consumers nowadays tend to demand for high quality products and services at lower prices. At the same time they offer minimal brand loyalty. This constant evolutionary nature of the environment in the current markets makes strategy implementation more complex and difficult.

1.1.4. Energy Sector in Kenya

The history of Kenya's electric power generation traces its origins to 1922 with the formation of East African Power and Lighting Company. This later changed to Kenya Power and Lighting Company in 1983, the company being wholly owned by the Kenyan government. The sector has undergone various reforms and restructuring from the mid 1990's culminating in the formulation of the energy act 2006. These reforms resulted in the unbundling of the state owned utility and formation of Kenya Electricity Generating Company responsible for generating assets with KPLC taking responsibility for all transmission and distribution of electricity.

A subsector regulator was also established; the Electricity Regulatory Board. In the year 2004 further new companies were established as government sought to increase capacity and efficiency. The Geothermal Development Company was formed with the

mandate to explore and develop the geothermal resources while the Kenya Electricity Transmission Company was established to take over the power transmission responsibilities from KPLC.

The main sources of electric power in Kenya are hydro-generated and fossil fuel generated. There has been a push through government policy to exploit the potential for renewable energy mainly through geothermal, wind and solar. Kenya's installed, grid connected, electric power capacity stands at 1.4GW. The specific energy mix comprising of approximately 52.1% hydro-plants, 32.5% thermal plants, 13.2% geothermal, 1.8% biogas cogeneration and 0.4% wind power.

The supply currently does not meet demand, with peak demand at 1.6GW and projected to grow to between 2.6 and 3.6GW by the year 2020. The current government policy is geared towards cutting down on the use of fossil fuel thermal plants as a prime source of power due to the high cost of generation. They are to remain mostly as standby plants used to bridge peak power demand capacities. Major resources have been allocated for development of geothermal, renewal energy and interlinking connections with neighbouring East African countries to create and utilize available cheaper power pools.

The electricity generation sector in Kenya is now liberalised with various licenced independent power producers, distributors and transmission utilities. The total power generated is bought in bulk by KPLC through power purchase agreements. These PPAs are approved by the regulating body, ERC. KENGEN remains as the main player that manages and develops all public electricity generating facilities. The electricity is conveyed from source to the grid by KETRACO while KPLC carries out the connections, distribution and billing to end users as per the regulating commission licences and permits. The ERC remains responsible for approving the retail tariffs charged to the consumers.

1.1.5. Wartsila Eastern Africa Limited

The company opened its offices in Kenya in September 1997. It was set up with its headquarters in Nairobi for business development in the energy sector for the entire Eastern Africa region. WEA is a subsidiary of the Wartsila Corporation which is amongst the world's largest engine manufacturing companies with production facilities

in Finland, France, China, Switzerland and Italy. The corporations' head offices are in Helsinki, Finland. WEA is responsible for handling after sales service to all Wartsila customers in East Africa covering; Eritrea, Ethiopia, Kenya, Rwanda, Sudan, South Sudan, Seychelles, Tanzania and Uganda. Key Customers in Kenya are KENGEN, KPLC and IPPs; Iberafrica Limited, Tsavo Power Limited and Gulf Power Limited.

WEA serves both energy and marine customers in the region. WEA's main business revenue comes from the energy sector customers, specifically electricity generation power plant owners and operators. Services offered by WEA are operation and maintenance services for power plants on behalf of clients, provision of spare parts and maintenance services as and when need arises for customers who operate the plants on their own. It employs approximately 200 employees in four countries; Kenya, Uganda, Tanzania and South Sudan. In other countries, when need for specific service work arises personnel travel there and return to their base country after completion. WEA is headed by a managing director who reports to the Wartsila Corporation. Below him are departmental managers with direct subordinates as per the business units they head.

The main business units under WEA are the service sales department, field service department, the contract management department and common support functions of finance and human resources. The service sales, field services and support functions departments are based at the head office in Nairobi. Contract management staff are based at the IPP power plants under contract management in Kenya, South Sudan, Uganda and Tanzania. The company management staff sit at the head offices in Nairobi. They are tasked with providing leadership in implementing WEA strategy throughout the entire East African region from its Nairobi headquarter office. For the period 2015 to 2018 WEA has been implementing growth strategy of market penetration, development and diversification.

1.2. Research Problem

It is of great interest to appreciate that various organizations adopt different ways of formulating and implementing their strategies when operating in different markets. Without successful implementation an organization will not be able to achieve its objectives. Strategy implementation efforts often fail due to challenges arising at the implementation stage. A fortune magazine study by Charan and Colvin (1999) found

that 70% of formulated strategies failed. Interviewed managers further stated that the failure had been caused by poor implementation rather than poorly formulated strategies. According to Thompson and Strickland (2001) the process of successfully implementing strategy is not an easy task and it requires commitment from the organizations top management, structures, communication, culture, leadership, process and systems. This task is made even more complex if the concerned organization operates in varied geographical regions.

At the time of establishment of WEA in 1997 there was a steady growth in the power generation market due to shortage of reliable power. Most of the East African countries were expanding their thermal power installations and licencing independent power producers to generate power. With little local expertise WEA was set up to coordinate activities and bridge this gap by developing local competencies while championing the parent company interests. As the single point of contact to the customers in the region, WEA is tasked with implementing Wartsila business strategy in the multi-country and multi-cultural East African region. The implementation is supposed to take into consideration the differences in environmental conditions in these countries.

Different studies have been undertaken on strategy implementation and challenges. Aosa (1992) covered strategy formulation and implementation in large private manufacturing firms in Kenya through a survey of seventy three local and foreign firms. Koske (2003) covered strategy implementation and challenges using Telkom Kenya as a case study. Machuki (2005) covered challenges of strategy implementation using Cooper Motors Corporation Kenya as a case study. Onyango (2012) covered the challenges of implementation of a globalized strategy using Cisco Systems East Africa in Kenya as a case study. Anyango (2007) covered challenges of implementing strategy through survey of thirty two multinational manufacturing firms in Kenya. Aluoch (2014) covered the challenges of implementing expansion strategy using Hashi Energy limited in Kenya as a case study. Alexander (1985) covered successfully implementing strategic decisions through a survey of ninety three US firms. Rajasekar (2014) covered factors affecting effective strategy implementation through a survey of five electricity distribution companies in Oman. Beer and Eisenstat (2000) covered the factors that detract strategy implementation through a survey of twelve US companies.

All these studies highlight that there are various challenges that may often lead to failure of the strategy implementation efforts. The occurrence of specific challenges and their effect however vary from one organization to the other. This is due to the differences in their internal and external environments and managerial practices. This study sought to add to this pool of knowledge by carrying out research on growth strategy implementation challenges faced by WEA. As there is no one universal approach to strategy implementation, the challenges identified so far by other studies may not necessarily apply to WEA. What are the challenges of implementation of growth strategy by Wartsila Eastern Africa Ltd?

1.3. Research Objectives

The study had two objectives. These were;

- i. To establish the challenges of implementation of growth strategy by Wartsila Eastern Africa Ltd.
- ii. To establish how these challenges of implementing growth strategy were addressed by Wartsila Eastern Africa Ltd.

1.4. Value of the Study

The conclusions drawn from the research brings additional information to the challenges of implementing growth strategy in organizations. This gives organizations insight on implementation challenges experienced in Kenya and by extension the East African region. The information can help them foretell some of the expected challenges, make provisions to prevent or counter them in their implementation plans. To potential investors, they will appreciate the challenges in the region before making their investment decisions. Prior information on lessons learnt from their predecessors will increase their chance of success, first time right rather than through trial and error.

This findings help the government to gain more awareness of local environmental challenges for policy framework improvements to encourage foreign direct investment. The regional governments need to continually improve their policies to be in line with changes in the business environment, economic block alignments and new requirements and demands by international investors. By doing they will be able to attract and retain

more investors. To Kenyan companies expanding their business in the region, such as Equity Bank and Kenya Commercial Bank findings of this study provide with information on the business challenges before them. Thus aiding such organizations in making informed decision.

Findings are also useful to scholars and researchers in the field of strategic management as studies on strategy implementation challenges faced by organizations operating throughout the East African region are limited. Study findings add to the literature on international business and helps in bridging the knowledge gap that currently exists between the local entrepreneur and the global one. Combination of the findings with other prior studies help develop a more generalized picture based on findings of studies carried out on the various different firms.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This chapter provides a summary of the literature that is available based on works of other scholars. It will cover relevant available literature in line with the research objectives including an overview on the theoretical foundations guiding the study. The theoretical foundations chosen to guide the study were the resource based view, the Mckinsey 7S frame work and the stake holder theory.

This chapter also reviews on the strategy management process highlighting the various steps involved. This will narrow down to the topic of growth strategy implementation in organizations and challenges faced. This being the subject topic of the study. This information will highlight what is already known and also a guide on key areas to investigate in the research being carried out.

The chapter also reviews on studies done in the past by other scholars on the challenges of strategy implementation. It pinpoints the findings of past studies in relation to strategy implementation and identified challenges. These studies were used to highlight what has been researched on in the past and identify gaps in cited studies.

2.2. Theoretical Foundations

Theory as an English word is defined as a system of ideas intended to explain something. This is mainly through some general principles independent of what is to be explained. It forms an organized system of generally accepted knowledge applicable in different sets of circumstances to explain a specific subject. They are used as analytic tools to understand, explain and make predictions on some specific subject matter. The concept of theories is applicable in various fields covering both arts and sciences.

Strategic management theories can be said to be a system ideas intended to explain the origin, evolution and principles of strategic management. In this way the theories of strategic management form the basis of analyzing, understanding and predicting an organizations source of success in the market. Proponents of the different theories in strategic management propose different sources of an organizations strength in attaining

its goals. This could be from the firm's resources, capabilities, organization structure or its relations with others.

For the purpose of this study three theories were picked as the main basis for the analysis of the subject topic. These were the resource based view, the McKinsey 7s framework and the stakeholder theory. These were helpful in understanding the factors that influence the implementation of strategy and source of challenges. The concepts are explored in relation to case study organization.

2.2.1. Resource Based View

The resource based view theory looks at an organization's internal resources and determines the strategic resources inherent within it that can be utilized to achieve competitive advantage. The school of thought is that it can easily utilize resources available from within to exploit opportunities in the market to gain competitive advantage. In this model, resources hold a higher role in enabling organizations to achieve higher performance.

Barney (1991) defined an organization's resources as the assets, capabilities, organizational processes, attributes, information or knowledge that it controls. Organizations are meant to use these resources to formulate and implement strategy that will give it an edge over its competitors. RBV considers an organization to consist of physical resources, human resources and organization resources.

Barney (1991) further states that performance differentials are attributable to an organization's resources but continues to add that these resources must be valuable, rare, inimitable and not easily substituted for them to be able to provide the firm with sustained competitive advantage. These resources enable an organization to do things that will lead it to perform well in its chosen business. Leading to higher sales, lower costs, and consequently higher margins thus adding to the organization's financial value. Proponents of RBV argue that an organization should look within itself to find sources of competitive advantage rather than looking to the external environment.

2.2.2. Mckinsey 7S Framework

The McKinsey 7S framework was developed in the early 1980s by Tom Peters and Robert Waterman. It has been used as a tool to analyze and improve organization performances. The model uses seven organizational factors it considers to enable organizations to be successful. These are listed as; strategy, structure, systems, staff, skills, style and shared values. They are further classified as hard and soft elements.

Strategy, structure and systems being hard and staff, skills, style and shared values being soft elements. The hard elements are easily identified and documented in many organizations. These are presented in reports, corporate plans and organization charts. The soft elements are however not easily seen and are sometimes only inferred to. In combination these elements provide an effective framework for analyzing an organization's performance. The model holds that for an organization to be successful these factors have to be aligned.

Strategy represents the plan put in place by an organization to achieve its objectives. Structure refers to the way the organization is set up related to business divisions, units and their reporting lines. Systems are the processes and procedures that define day to day actions employees undertake in doing their work. Staff refers to the organization's employees. Skills refers to the actual competencies of the employees that the organization requires. Style covers how the organization is managed from top to bottom and includes how management interacts in their decision making. Shared values represents the core values of the organization which shape its corporate culture and general work ethics.

2.2.3. Stakeholders Theory

The stakeholders' theory of management was developed through the studies of Freeman (1984). A stakeholder in relation to an organization can be defined as any individual that has an interest in the activities of the organization. These are not limited to only those who stand to gain financially from the organization. They include employees, customers, suppliers, financiers, shareholders, environmental groups, media and the

community in general. Identifying an organizations' stakeholders, understanding their influence and being able to respond to them favorably to achieve success forms the basis of this theory.

Freeman (2004) concluded that stakeholders play a vital role in the success or failure on an organization. He further found that organizations should strive to manage the interests, needs and viewpoints of its stakeholders in order to be successful. A strong interlink of relationship and partnering between an organization and its stakeholders gives it a strong footing in the market place. The strong partnership with its stakeholders builds trust, goodwill, improved business dealings and ultimately better performance for the organization.

Freeman (2004) further suggested that an organization needed to understand; who its' current and potential stakeholders are, their interest, how it affects each stakeholder, how each stakeholder affects it, how its current strategy affects each stakeholder, the environmental variables for each stakeholder and the organization. Also how to measure each variable and how it checks results with each stakeholder. An organizations' strategy and implementation actions focusing on these factors will build favorable relationships with its stakeholders thus giving it competitive advantage.

2.3. Strategic Management Process

The word strategy traces its roots to Greek word *Strategos* in the 18th Century originating from two words, *stratus* (meaning army) and *ago* (meaning leading), thus loosely translated as army general. The concept of strategy has a military background for its concept and evolution. Businesses slowly borrowed this military concept and hence the birth of business strategy and strategic management.

The strategic management concept traces its roots in the works of Peter Drucker in the 1950's and Alfred Chandler in the 1960's. Early view on strategy by Drucker (1954) was that organizations needed ask themselves what business they were involved with, in his view the answer came from the customers. Chandler (1962) stated that strategy had to have a long term view. Involving setting long term goals, choosing appropriate actions and allocating resources to implement. These ideas were further developed by other scholars like Ansoff (1965) who developed the gap analysis for reviewing

performance, actual performance versus desired or potential results. Porter (1985) argued that a strategy is the organizations' route to competitive advantage. He stated that it involved creating a unique and valuable position by utilizing different actions.

In the 1900's and 2000's further works by other scholars built on this and had their input in the institutionalization of strategic planning. Hill and Jones (2011) defined strategy as an action an organization takes for it to achieve its goals, stating that this is done through superior performance. Johnson, Scholes and Wittington (2002) defined strategy as being the direction and scope an organization choses over a long run. Achieving competitive advantage by utilizing its resources based on environmental changes to achieve its objectives. Hough, Arthur, Thompson, Strickland and Gamble (2008), defined an organizations' strategy as its management team action plans for running the business and carrying out its operations to achieve their goals.

2.4. Implementation of Growth Strategy in Organizations

Growth strategies are pursued by companies generally to increase their sales and profits. The common generic growth strategies implemented are market penetration, market development, product development, diversification and acquisitions. Pearce and Robinson (1997) stated that strategy implementation involved a chain of decisions and actions that end in the formulation and implementation of long term plans with an aim of achieving organizational goals. Strategy implementation highlights the steps of decision making and actual day to day actions in carrying out the chosen plan.

The generic growth strategies as developed by Ansoff (1957) define steps taken by firms in executing them. In market penetration strategy an organization aims to increase its market share and by so doing push out competitors. One way an organization can achieve this is by lowering its prices. In specific market where competitors offer similar products, lower prices may help an organization to win over more customers. Market development involves introducing current products to new markets. This is driven by situations where the current markets offer no further potential for more sales. To increase sales and profits then it has to look for new markets for its products.

Product development growth strategy is adopted by organizations through introduction on new products in the market. Most organizations introduce new products that offer

more than competition or to address some flaws in existing products. This way they attract more customers and grow. In diversification organizations offers a different type of products and services from their traditional offers. In this way they target additional sales and profits. This can be done through in house expansion or acquisition of other business that have expertise in targeted field.

The choice of strategy to be implemented depends on organizations' financial position and the environmental conditions. Hill and Jones (1998), argued that implementation involves an organization making arrangements that give it the best chance of pursuing its strategy in the most effective way. It is however noted that a good strategy without proper implementation will not result in success. A bad strategy also, no matter how good the implementation process will also not result in success.

2.5. Challenges in Implementing Strategy in Organizations

The key aspects for successful strategy implementation according to Pearce & Robinson, (2007) include organization structure, leadership, and culture, assignment of key managers, budgeting, information systems, rewards and control systems. Personnel are key to strategy implementation. Threat posed by new strategy to personnel, of restricting, shifting power, responsibilities and roles makes many apprehensive to start with. Many take time, first to analyses how they are affected on a personal level.

Mintzberg (1987) argued that once established strategy tends to lead in one direction and tends to resist change rather than encourage it. In there lies some of the challenges faced in implementing the chosen strategies. Hrebiniak (2005), stated that making strategy work presents a formidable challenge. A number of factors such as politics and resistance to change cause a major setback. Hence without carefully planned execution, strategic goals cannot be achieved. Ansoff and McDonnel (1990) concluded that though strategy implementation was important it was however not easy. Well formulated strategies can fail due to the implementation process.

The challenges can arise from internal or external sources. Common reasons advanced for failure in strategy implementation by studies carried out by (Aosa, 1992; David, 1997;) are; fit or lack of between strategy and structure, allocation of resources, organizational culture, leadership, the rewards system and the nature of strategy itself.

Organizations have to strike a balance between all these factors. Implementation of strategy does not automatically follow strategy formulation. There is always some expected resistance. This generally occurs whenever there is a departure from historical behavior, culture and power structure. All these can result in delays, increase in costs and generally instability in the strategy implementation process.

2.6. Empirical Studies and Research Gaps

Studies by (Machuki, 2005; Ochanda, 2005) identified some common challenges to strategy implementation as inadequate resources, capabilities, reward systems, implementation taking longer than anticipated, unsupportive structure and culture and uncontrollable factors in the environment. Aosa (1992) noted that a lack of compatibility between strategy and culture can lead to high organizational resistance to change and poor motivation, which can in turn frustrate the strategy implementation.

Others (Koske, 2003; Aluoch, 2014) identified challenges affecting strategy implementation as unsupportive structure and culture, poor leadership, lack of proper coordination and changes in environmental conditions related to government regulations. Anyango (2007) identified challenges to strategy implementation as high staff turnover, organization culture and changes in environmental conditions. Onyango (2012) identified challenges in implementing globalized strategy as lack of resources, organizational culture, complex organization structure and distant location of key decision makers and key formulators rendering their participation minimal.

International research carried out in this area (Mintzberg and Quin, 1991; David, 1997; Wang, 2000) indicate an implementation failure rate of over 65% in organizations. Reasons put forward for these failures by their studies and others (Alexander, 1985; Burns, 1996; Beer and Eisenstat, 2000; Rajasekar, 2014) include; implementation taking more time than originally allocated, major problems occurring that had not been anticipated, ineffective coordination of activities, competing activities arising that distract, insufficient employee capabilities, inadequate training and instructions given to lower employees, uncontrollable effects from the external environment, inadequate leadership and direction from departmental managers, key implementation tasks and activities not defined in enough detail and inadequate information systems to monitor the implementation. Sterling (2003) noted that challenges arose from un-anticipated

market changes, lack of senior management support and lack of strategy understanding and communication. Freeman (2004) also highlighted challenges as emanating from lack of stakeholder commitment, impatience and not celebrating success.

Most of the studies covered different individual organizations in different industries and their findings cannot be generalized for all organizations. Research gap identified was that not much had been studied on energy industry and the unique challenging, turbulent environment of the larger East African market that Wartsila Eastern Africa operates in. The wider geographical region with varying environmental factors complicate strategy implementation and impacting on performance. This study looked to identify the challenges that apply to WEA in its operating environment and how it responded to these challenges.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

Research methodology describes a systematic process intended to be followed in carrying out the study to answer the research question. It gives the framework for the study methods and outlines the work plan. This chapter covers the research methodology chosen to carry out subject study and answer the research question.

The chapter covers the research design, data collection and analysis procedure. It will highlight on the chosen research design for the study. It will also describes the modes of collecting both primary and secondary data. Chosen data analysis criteria will be highlighted and explained. This chapter summarizes the procedures to be used for carrying out the study in trying to answer the research question.

This chapter thus highlights the overall approach to be taken in the research. This study used a case study research design. Primary data was collected through interviews utilizing an interview guide. Secondary data was gotten from publications in the public domain. Data analysis was done through content analysis method.

3.2. Research Design

This defines the method to be used in carrying out the research. This research used a case study design. Case study is a form of qualitative analysis which involves careful and complete observation of a social unit whether an individual, group, and/or institution, Kothari (2004). Case study provides a platform to for detailed analysis of data within a specific context.

Case study looks at unit of study in depth and not breadth. It places more emphasis on full analysis of a limited number of events or conditions and their correlations in answering the research question. The case study design was chosen because the study intended to carry out an intensive investigation of WEA as a unit.

This helps to gain a deeper insight and better understanding of the research problem. In depth analysis was carried out, to determine and describe the challenges of implementing growth strategy at WEA. Study also sought to find out how WEA responded to these challenges.

3.3. Data Collection

This study intends to utilize primary and secondary data. Primary data will be collected through interviews. An interview guide will be used to interview the WEA top and middle managers. The interview guide will utilize open ended questions to elicit for responses from the interviewees on the challenges of implementation of growth strategy and the responses to these challenges. Data collected from the interview will be from answers provided by the respondents and observations made during the interview.

For the study eight respondents were interviewed, the managing director, general manager sales and marketing, country contract manager, company financial controller, field services manager, human resources manager and two account managers. These being some of the key decision makers, influencers and implementers of strategy in WEA, their feedback was key for the purposes of this research.

Secondary data was collected from existing publications and reports. Data relating to performance reviews, financial data, monitoring and evaluation reports, customer satisfaction surveys among others were obtained from publications, press releases and company website. These were collected and analyzed covering the 2015 -2018 period of growth strategy implementation to provide insights on results.

3.4. Data Analysis

Data collected was of qualitative nature and qualitative data analysis was carried out through the content analysis method. Data was categorized, summarized and analysed to provide results for the study and answer the research question. Analysis was done and comments made in relation to the research problem.

Content analysis defines a process of analysing verbal, behavioural data to classify, summarise and tabulate data. Downe-Wambolt (1992) defined content analysis as

research method that provides systematic and objective means to make valid inferences from verbal, visual, or written data in order to describe and qualify specific phenomena.

The data from the various respondents was compared against each other to find correspondence and identify any general issues that was common to the case study organization. The analysis aimed identify the presence, meaning and relationships of words and concepts. The analysis systematically and objectively identified specific information and compared to establish common occurring trends.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1. Introduction

This chapter covers the analysis of the collected data and discusses the findings of the study in line with the research methodology. Primary data was collected through interviews by utilizing an interview guide. Secondary data was collected from company publications, press releases and from company website.

Researcher was able to interview all the eight targeted respondents. These were WEA managing director, general manager sales and marketing, country contract manager, company financial controller, field services manager, human resources manager and two account managers. The interviews were self-administered through face to face interviews of seven respondents. One respondent was interviewed via skype call.

The study intended to achieve two objectives. The first one was to determine the challenges of implementation of growth strategies by WEA and second one was to determine WEA responded in addressing these challenges. This chapter presents analysis of the data, findings and discussion on the findings of the study with regard to the objectives.

4.2. Demographic profile

The researcher in undertaking the study interviewed eight respondents. Of these three are expatriate employees who have served Wartsila Corporation in various positions and in other network companies, currently deputed to WEA. These respondents hold the positions of the managing director, general manager sales and marketing and country contract manager. The holders of these three positions along with the company financial controller, the human resources and field services manager positions, held by local employees, form the WEA management team. The other two respondents, the account managers, report to the general manager sales.

The managing director has been with Wartsila group for twenty two years, serving in various network companies and positions. He joined WEA as the managing director in 2014 has been in the position for four years. The general sales and marketing manager has been with the Wartsila group in various positions for sixteen years and he joined WEA in 2016 and has been holding current position for two years. The country contract manager has been in Wartsila for the last 20 years serving in various contract management positions and has been in WEA for the last five years.

The local staff have also served WEA in for a long duration of time. The Company financial controller has been with WEA for the last nineteen years, holding different positions in the finance department and has served as company controller for the last ten years. Human resources manager has been with the company for four years, having joined in the same position. The field service manager has been with company the company for nine years, serving in different positions before being appointment field service manager. A position he has held for the last five years. The two account managers have each served in their positions for six and fourteen years respectively. The chosen team provided a mix of seasoned WEA employees with in depth knowledge of company general ways of working and strategy implementation procedures.

4.3. Challenges of Growth Strategy Implementation at WEA

The study established that the strategic management process at WEA is shaped by the Wartsila Corporation policy. Strategies are formulated centrally at the corporate level and then implemented globally in its various subsidiaries with little or no change. Service strategy for the period 2015-2018 as envisioned at the corporate level was to achieve growth through doing more business with existing customer base, expanding by reaching new customers and acquiring new businesses in growing markets.

Once formulated the strategy was communicated and documented through various internal channels. Workshops were held for the different stakeholders as per their involvement, to disseminate the strategy and action plans. From a global perspective, subsidiary organization managing directors held meetings and workshops with their group management teams. On the local front managing director is tasked with communicating the strategic direction to his team and key stakeholders under his organization. All these processes are supported documented strategy documents and

guidelines available on company online systems. Regular updates from group perspective on progress are published on a quarterly basis.

WEA as one of the subsidiaries implements this strategy by developing local action points in line with the corporation expectations. The local management headed by the managing director is tasked with coming up with strategic actions which are then translated and communicated to the various departments. The individual departments are tasked with then coming up with their own specific day to day activities in line with the strategy of the company. Strategy implementation at WEA mainly covers three sections which are defined mainly along main departments; service sales, field service and contract management. Activities of these departments are targeted at pulling together to achieve the organizations common targets. The choice of implementation, measuring and controlling activities are dependent on the departments.

The study established in the quest of implement its strategy WEA is faced with a number of challenges. These are due to the nature of the business it is in and also due the environment in operates in. The management structure of WEA in relation to its parent company Wartsila Corporation also offers some challenges. Serving a multinational and multicultural region also makes it challenging when implementing strategy as well as also employing a multicultural group of staff. The challenges identified are in some instance prevalent across these regions and affects all its staff while in others they are specific to some situations. Other are also applicable across departments but in some are specific to individual departments.

This section presents a summary of the common challenges observed to be faced by WEA in implementing its growth strategy. It was established that there are a wide range of factors which raise challenges from both internal and external environments. The environmental source has been used as the grouping under which the findings are analysed and discussed.

4.3.1. Institutional challenges

The study established that there are various institutional challenges that influence the strategy implementation process at WEA. Study findings show that the growth strategy under implementation by WEA is formulated from the corporate level. This strategy is

then meant to be implemented globally through all its subsidiaries without change. This formulation process does not involve the local organization. The corporate management take a top down approach. The challenge posed by this is that while in the general picture the chosen strategy is meant to drive the whole Wartsila Corporation towards its goals. Some subsidiaries will face challenges when it does not match its environmental conditions in the market.

Respondents pointed out that WEA's market in some countries was in a decline due to other environmental factors and therefore would have required a different strategy. Study findings point that one of the key drivers for Growth strategy for Wartsila as envisioned from corporate level was digitalization, through provision of an online platform for customer to transact. This was meant to ensure fast response, transparency and wider reach. Customers could easily log into an online portal and get parts quotations, track shipments, make technical inquiries or download technical manuals and other brochures. This was as opposed to the traditional way of sending e-mail request to specific contacts in the organization. This was to aid both existing customers as well as reach new ones.

In the East African market this has run into some challenges due to connection and licence issues due to US sanctions for some countries like Sudan, South Sudan and Eritrea. Majority of other major customers being parastatals, procurement are done through tendering process and thus will not use the online tool for their purchases. With one key driver already taken out, WEA already had a major challenge to implement this strategy. For some customers WEA has had to continue with old way of working and try to be innovative to still improve customer satisfactions in line with global expectations.

Organization structure was also noted to cause an impediment to strategy implementation. Though local structure in itself is in line with the business needs of WEA, the dotted line reporting to the global structures create a bottle neck and delay in decision making. While it is noted that the existing structure of having some central decision makers exists to offer uniformity in approach to all markets, it leads to loss of flexibility to respond fast to local conditions. This created sometimes need for additional internal canvassing before business decisions are made which take time and effort, especially when decision makers then are different time zones.

The decision making and approvals also in some instances is not authoritatively vested in one office or individual but in some instances has to be a group decision. Some of the time these decision makers by virtue of their location in Europe are not fully aware of the situation on the ground as they make these decisions. This form of structure slows down the daily activities and affects strategy implementation.

Study established that also due to the nature of business WEA is involved in, its needs highly technical staff for some activities. Any staff changes in these positions affects strategy implementation. Though WEA tries maintain and utilize a succession plan for these and other positions, it was noted that there are instances that changes in some key positions cause disruptions. This is also noted in management positions changes. WEA utilizes expatriates for some managerial positions who have to move on when their contracts expire and can no longer be renewed as per company policy. This creates a stutter in strategy implementation as the new person has to learn the market, team and customer way of working. Different management styles of different managers also affect team dynamics and sometimes affect morale which then causes challenges in strategy implementation.

The study also established that when new businesses are acquired, normally all the expertise is sometime centralized in one region where this businesses were originally based. WEA then has to utilize these personnel either from different parts of the world, which increases costs of services leading to loss of business. While the company endeavours to develop these skills for local staff, this takes some time and money which to be planned systematically. WEA management also have to make strategic decisions on whether to invest in such trainings for local personnel when there is little or no ready demand or risk losing out to competition whenever opportunities arise. Respondents informed that they have had to forgo pursuing some deals due to lack of qualified staff with the right skills for such jobs within WEA. This gives room for completion to strengthen their position in the market and eat into WEA's market thus affecting its potential growth potential, projected sales and profits.

4.3.2. External environment challenges

The study also established that there are external environmental factors that affect the implementation of strategy by WEA. These are related to Political factors and

government policies in the different countries, uncontrollable environmental factors, competition, unforeseen environmental changes and customer behaviour. All these have also lead to challenges in strategy implementation at WEA to a varying degree.

Political factors and government policies greatly affect the strategy implementation by WEA. Being in the energy business which is controlled by government WEA's main customer are the government utility companies or IPP's contracted by the utility companies. Therefore any change in government policy or situation greatly affects WEA's strategy implementation. The east African governments do not actively pursue the same policy and this affects how WEA operates in the region. For example Kenya is actively pursuing a policy to cut down on thermal power plants use, which is the major revenue earner for WEA. At the same time Tanzania has natural gas and potential to expand and build more power plants operating on gas. South Sudan and Sudan while having potential on a business front, they been embroiled in political disputes causing instability and attracting global trade restriction which have affected WEA operations.

Study also established that in conducting its business WEA staff require frequent travel between the East African countries for meetings or work related to field service personnel. The VISA requirements for its staff both local and expatriate staff in some countries make it hard to for emergency travel that may be required by field service personnel. Some countries like Eritrea, Sudan and South Sudan require prior applications for some nationalities. While even countries that offer VISA on arrival charge some fee which goes to increase cost of business. Cross border customs restriction also impacted movement of tools and components into and out the different countries whenever there was need. Formal processes for temporary import and export are very long and bureaucratic. These restrictions caused challenges in strategy execution by WEA. All these political factors cause many challenges to WEA in implementing its growth strategy.

Other uncontrollable factors in the environment that also affected WEA's strategy implementation include the imposition of sanctions by the US on Sudan and South Sudan. This has meant that there are some parts and services that bound by these sanctions WEA has not been able to provide for as long as these sanctions are in place. Study also established that the drop in crude oil prices affected cash flows for WEAs customers in South Sudan causing them to scale down on capital and operational

expenditure. This has affected the growth projections WEA had planned for in this region. In some cases thermal power plants utilization are affected by outputs from hydro power plants, which are given priority when available due to lower cost of production. Hydro plants are affected by rainfall patterns and duration. Unpredictability and changes in the rainfall patterns have also affected WEA's business volume projections.

The study also established that the level of competition in the market and change in customer view towards them has also caused challenges in its strategy implementation. There has been increased competition in the East African market due to the entry of new players in the market. Traditional Wartsila sub-suppliers or some components manufacturers are now setting up operations in the East African market along with counterfeit suppliers. Customers have over time started accepting these other suppliers and quality of their goods. This increased level of completion has given customers an upper hand and increased their bargaining power leading to price wars and discount policies. The use of discount policies in some instances to fight competition then affect both sales volumes and profitability of WEA.

Another challenged established by the study is slow decision making processes by some customers. This mainly affects utility companies, who have to seek various approvals from different governmental organizations for most of their procurements. This has led to projects planned to be completed in a certain time frame taking longer than anticipated and thus affecting WEA's growth projections and performance. Some customers have also expressed some reluctance or are slow to adopt new technologies for example the online services offered by WEA to ease the processes of doing business and serving them. By sticking to the old ways of working slows down all interactions and affecting strategy implementation.

This is caused in some instances due to cultural practices in some organizations where hard copy paperwork approvals are still the norm. Others are bound by procurement procedures that have to go through tendering processes and thus online request are not an option. Some are affected due to lack of stable internet connections or restrictions due to political sanctions. In other cases this is due to reluctance from customer employees to embrace the new changes. This affects WEA growth strategy as digitalization of all customer interactions was one major driver.

Environmental concern was also noted as a factor affecting growth strategy implementation by WEA. There has been a slowdown in organic growth involving new heavy fuel power plants due to environmental concerns and push for clean renewable energy. This has meant that for growth Wartsila has had to look to do more with current installed base. Which is also shrinking with new green energy plants coming online. Thermal plants tend to be used more as stand by than prime. This affects the projected revenue that WEA may have anticipated to get if these plants were fully operational.

4.4. Measures Undertaken by WEA to Address the Strategy

Implementation Challenges

The challenges faced by WEA were established to be caused by both its internal and external environments. Respondents noted that some of the factors there was little room to remedy, for example when trade sanctions are issued by international bodies they just have to comply and also political disputes. On policy front WEA has made a concerted effort to engage with government to explore options that would be viable and in line with expectations. These includes conversion of plants to run on natural gas, which would bring down cost of production as well as meet the environmental requirements. This would also address concerns raised by environmental bodies and the public. WEA is actively engaging the regional governments to try and find viable solutions to enable utilization of natural gas resources in the region.

On the challenges experienced with slow or reluctant customer adoption of online services WEA has tried to come up with incentives for customers to take this up. This include offering some discounts to customers if they process their orders online. E-mail prompts are shared regularly with customers and are encouraged to try the online services. On the issue of slow decision making processes, WEA has developed a strategy to engaged customers way in advance for each opportunity. They do this by projecting products and services that will be needed in future and getting into agreements in advance. This way all decisions and order confirmations are in place before it is too late. One form of action for this is getting into framework contracts with customers for repeat businesses for example spare parts sales. This helps as once contracts are approved the user departments only have to place order once the parts are

needed and no longer need seek any further approvals.

On competition the study established that WEA has adopted a strategy of educating its customers on the disadvantages of using pirate and non-genuine parts. Real life cases of damages and bad experiences from other customers of bad experiences are shared with them. WEA also utilizes a customer evaluation process that aims to get feedback from customer on their experience with dealing with WEA. Insights shared are used to improve. In their offering WEA has tried to show its value proposition to its customers that sets it apart from its competitors for example better warranty terms and guaranteed technical support from its wide networks. By virtue of being original equipment manufacturer, WEA utilizes its technological know-how and ability to support its customers through its product life cycle to sway their opinions. For price sensitive customers WEA has tried to offer some discounts but this is not a preferred strategy.

Related to the internal environmental factors, study established that WEA has also tried to address some of the challenges experienced. On the issue related to strategy formulation process, WEA management through the managing director ensure that they share market intelligence reports with the global management teams. This ensures that they have a clear picture on the current market conditions and challenges being faced locally. For the team that are involved in decision making affecting WEAs business, visits to customers along with account managers have been arranged regularly. This helps the team understand customer better and underlying conditions for some requests. For instance that government purchasing procedures and requirements which differ with private customers procedures. Collaboration meetings and workshops between the various local and global departments are conducted regularly to share knowledge and draw joint action plans on how to approach customers for certain products and services.

In development of local skills for specialized jobs, where possible WEA has invested in training local staff based on business volumes expected. In cases where this is not possible WEA leverages on support from the global corporation or other subsidiaries. Whenever any personnel are needed in the East African region then they are deputed from their parent company for the specific job and return after completion. This however subject to availability of these personnel due to workload commitments in their areas which are given a higher priority. Whenever there are any delays waiting time lead to customers finding other solutions. In doing all this WEA tries to mitigate

the effects these challenges has on its strategy implementation success.

4.5. Discussion of Findings

Formulation of a good strategy is the first step towards success of the organization. A good strategy is one that matches the organizations to its environmental needs. Pearce and Robinson (2007) stated that involving all stakeholders in planning is key considering the role they have to play in implementation, monitoring and evaluation. In WEAs the study established that strategy was developed globally, without little or no involvement of WEA management or personnel. This Formulation basing on wider global environment conditions which do not necessarily match the local conditions creates some room challenges in implementation.

The study established that growth strategy implementation at WEA faced some challenges. Some of the challenges were specific to some departments but also it was established that there were some common factors which were established to be occurring across the different functions. Formulation process of the strategy by Wartsila Corporation was established did not involve the local WEA office management. This led to some initiatives of growth strategy not matching the local environmental conditions and led to challenges in achieving results. As stated by Pearce and Robinson (2007) involving all stakeholders in planning is key considering the role they have to play in the implementation process.

The implementation of strategy by WEA faced challenges during implementation caused by other different factors from its internal and external environment. The internal environmental factors were challenges attributed to its structure which defined the reporting lines and decision making procedures. All the local office departments though headed and reporting to local managing director, it was established that for specific actions they had other heads in the corporation they reported to and needed their approval for certain decisions. This is in line with findings of other scholars (Machuki, 2005; Ochanda, 2005) who also found that unsupportive structure hindered strategy implementation. Also Onyango (2012) in addition to complex organization structure, he also found that distant location of key decision makers and key formulators rendering their participation minimal caused some challenges.

The study also established that for some strategy action plan WEA needed some staff with special skills. It was established that where this was lacking WEA had to forgo some deals. This led to challenges in meeting growth targets in these specific fields. This along with challenges posed by structure is in line with the McKinsey 7S framework. This framework advocates that an organization needs to take account of seven basic factors, namely; strategy, structure, skills, staff, style, systems, and shared values, for successful implementation of a strategy (Peters & Waterman, 1982). This case study established that there was no complete synergy between strategy and the organizations structure, staff and skill thus posing some challenges.

The study also established that WEA's strategy implementation faced challenges related to uncontrollable environmental factors; political factors, government policies, international trade sanctions, slow decision making by customers, increased competition levels in the market as well as slow adoption of new technologies by customers. This affected growth strategy implementation action by WEA and ultimately their projections in some areas. This is in line with findings from other scholars (Koske, 2003; Aluoch, 2014; Machuki, 2005; Ochanda, 2005; Anyango 2007) who found that uncontrollable changes in external environment and also those caused by government decision affected strategy implementation.

The study also established that WEA tried to counter these challenges by putting in place actions to address the challenges as they arose. It is however also noted that there are some challenges which WEA could not do anything to address. Some of the actions put in place involved engaging various stakeholders both internally and externally. WEA continuously engaged government on policy level to address its concerns. It also engaged customer continuously to understand their needs and how it could improve its products and services to match their expectations.

Internal stakeholders were briefed on challenges experienced WEA to improve their understanding of the local market and shape future policy positions. For key decision makers from the global organization customer visits and meetings were arranged to build understanding and smoothen decision making processes. WEA has also put in place measures to brief these key decision makers early when deals are being processed so that decision making when needed can be faster. This is in line with the stakeholders' theory which advocates that the relationships between an organization and its

stakeholders is key for success (Freeman, 2004).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Introduction

Strategy implementation is the phase where strategy plans are translated into day to day actions in order to achieve objectives. This is often a complex process and challenges arise along the way due to various factors in play. This study undertook to find the challenges of implementation of growth strategy by Wartsila Eastern Africa Limited.

The study had two objectives. To establish the challenges of implementation of growth strategy by WEA and to establish what actions WEA undertook to address this challenges. This chapter outlines the summary of the findings from the collected data collected. It also outlines the conclusions drawn from the analysis of the collected data.

The chapter also covers recommendations that the study offers based on the findings. It will also show the limitations the researcher faced in carrying out the study as well as give suggestions for future areas of research.

5.2. Summary of Findings

The study was carried out to find out the challenges of implementation of growth strategy by WEA. With specific objective of identifying the challenges and the specific steps taken to address them. The study established that like in many strategy implementation processes WEA faced some challenges. The challenges emanated from both the internal and external environments. The study also established that WEA had put in place some actions to try negate the effects of these challenges.

5.2.1. Challenges of Growth Strategy Implementation at WEA

The study findings established that the growth strategy being implemented by WEA, is formulated from its corporate and head offices and then implemented uniformly globally by all Wartsila subsidiaries based in various regions. The formulation process does not involve WEA management or staff. This in itself was found to be one of the

challenges. Team expected to implement the strategy had not been consulted and in some instances the planning for how to implement it was not in place. This was done after strategy was formulated and in some cases due to environmental restrictions some actions could not be undertaken.

Study also established there were challenges due to the structure of the organization and the availability of certain staff with necessary skills. The structural challenges was mainly due to the decision making and approval channels that are needed from the corporate level. For some decision the respondents informed that they needed to seek approval from other managers at group level. This affected strategy implementation as in some instance these manager are not in touch with situation on the ground and thus delay decision or require many subsequent meeting just to understand the case. This affects response times to customers, caused loss of some deals and generally caused customer dissatisfaction. Lack of skills affected mainly the implementation of expansion strategy where new opportunities in growing new markets. Study established that in some instances WEA had to forgo some opportunities due to lack of service staff with necessary skills to do the work.

Research findings also established that WEA faced many challenges from the external environment. These were related to political instability, government policies, international sanctions, competition and customer behaviour. These are mainly uncontrollable changes in the external environment. In some instances these changes emerged and affected strategy implementation actions and WEA could not do anything to affect them. These include the political conflicts in South Sudan, imposition of Sanctions by US on countries like Sudan, South Sudan and Eritrea. This caused major disruptions in the strategy actions targeted for customers in these countries.

5.2.2. Measures Undertaken by WEA to Address the Strategy Implementation Challenges

Study established that WEA put in place some actions to address some of the challenges and to mitigate their impact. On decision making procedures WEA has put in place measures to review business cases with necessary decision makers in advance to ensure they will have all the facts and when needed to make the decision. They also took steps to expose these decision makers to customer's procedures and expectations and thus

build an understanding.

WEA is also actively engaging the different stakeholders, governments and customers to find a middle ground solutions for issues affecting both. In some factors like sanctions imposed on some countries or specific customers, WEA have no option but to comply with the requirements. Study also established that for the needed special skills for specific jobs, they try to train local staff where feasible while also utilizing resources from other subsidiaries within Wartsila when need arises.

5.3. Conclusion

The findings of the study show that WEA faces challenges in its growth strategy implementation. This supports findings by other scholars that indicate that strategy implementation faces a myriad of challenges caused by environmental factors. Implementers are tasked with monitoring these environmental factors and making adjustments where necessary for the successful implementation of strategy.

Study findings indicate that WEA was no different and faced challenges during its growth strategy implementation process. These challenges came from both its internal and external environments. The internal challenges were caused by the corporate formulation process not involving all stakeholders, unsupportive aspects company structure and lack of certain skills in the region. The external environmental challenges were caused by political factors, changes in environmental conditions due to government policies, major problems occurring which were not anticipated and un-anticipated market change. These external environmental factors while having major effect of WEA strategy implementation, were not common to all the east African countries. Their degree of effect varied from one country to the other especially on issues of political situation and government policies.

Findings indicate that WEA then while serving all these countries they had to develop different approaches for each country based on the underlying challenges in these countries. WEA had in place processes and mechanisms to monitor progress of the strategy implementation targets. This was through its defined targets which were then reviewed on a weekly, monthly and quarterly basis. This enabled the management to monitor progress and see where there was deviations. WEA management then put in

motion other plans to address these challenges. Study also notes that in some instances the external environmental challenges could not be remedied but where they could be remedied WEA took the necessary steps.

5.4. Recommendations

The study makes two recommendation. To organizations such as WEA whose strategy is formulated at corporate headquarters, they should strive to influence this process from the beginning. This way they will be able to share their external environmental conditions, SWOT analysis and better shape strategy. Researcher appreciates that this may also face some challenges considering organizations such as Wartsila Corporation which are worldwide might not get to easily involve all concerned parties. However study recommends that they should consider segmenting markets into blocks for example defined by common regions for example continents and take time to review individual market blocks and tailor make strategies for them to suit underlying conditions. This way some of the challenges expected in such markets can already be anticipated during the formulation process. This will make implementation simpler and increase chances of success.

To regional governments in the East African block, study recommends that they should cooperate and develop mutually inclusive policies that do not hinder cross border movement and trade. They should also team up to utilize each other's position of strength be it abundant natural resources in the energy, workforce or infrastructure for the benefit of the whole region. With the push for green energy, the East African countries can have policies to develop grid interconnections and have one common power pool. This way they can utilize resources available resources to serve all member countries for example utilize natural gas resources in Tanzania, geothermal in Kenya and hydropower potential of river Nile. With common policy they will be able to control power costs within the region and influence their economic growth in a positive way.

5.5. Limitations of the Study

The researcher encountered some limitations in carrying out the study. Two of the WEA management team interviewed, general manager sales and marketing and the country

contract manager, were not part of the strategy implementation from the beginning. Previous managers have since left WEA management through transfers to other regions, resignation and retirements. Their insights on the implementation process began would have added more to this study.

It emerged also from the study findings that the global parent company plays a role in the implementation stage due to the reporting, approval and decision making channels. Due to time and schedule limitations some of these key stakeholders could not be reached for comments.

5.6. Suggestions for further research

The findings of this study though collaborating findings of other scholars more needs to be done to build on these findings. From insights gained from the study researcher proposes that study can be replicated in the same company with focus on the impact of the specific challenges mentioned in the findings, for example the impact of organization structure. This would help establish which of the identified challenges has the highest impact and help develop responses to mitigate this in future.

Some of the challenges highlighted in the study findings are related to government policy decisions. As these are industry specific decisions, researcher proposes further study on other organizations in different line of business but serving the same East African market. This can help establish whether the policy decisions in the East African countries are generally divergent and affect strategy implementation or these are only industry specific.

REFERENCES

- Aluoch, M.V. (2014). *The Challenges of the Implementation of Expansion Strategy at Hashi Energy Limited*. Unpublished MBA project, School of Business, University of Nairobi.
- Alexander, L. D. (1985). Successful implementation of strategic decisions, *long Range Planning*, 18 (3) pp. 91-97.
- Ansoff, H. I. (1957). Strategies for Diversification. *Harvard Business Review*, 35 (5) pp 113-124.
- Ansoff, H. I. (1965). *Corporate Strategy*, New York: McGraw-Hill.
- Ansoff, H. I. & McDonnell, E. (1990). *Implanting Strategic Management*. 2nd Edition. New Jersey: Prentice Hall.
- Aosa, E. (1992). *An Empirical Investigation of Aspects of Strategy Formulation and Implementation within large private Manufacturing Companies in Kenya*. Unpublished PHD Thesis, University of Strathclyde: Scotland.
- Anyango, R. (2007). *Challenges of Strategy Implementation. A Survey of Multinational Manufacturing Companies in Kenya*. Unpublished MBA project, School of Business, University of Nairobi.
- Beer, M., & Eisenstat, R (2000). The silent killers of strategy implementation and learning, *Sloan Management Review*, 41(4) pp. 29-40.
- Barney, J (1991). Firm Resources and Sustained Competitive Advantage, *Journal of Management*, 17(1), 99-120.
- Burns, B. (1996). *Managing change: a Strategic Approach to Organizational Dynamics*. London, Pitman Publishing.
- Chandler, A. D. (1962). *Strategy and Structure*. Cambridge Massachusetts: MIT Press.

- Charan, R. & Colvin, G. (1999). Why CEOs fail. *Fortune* 139(12) pp 68-78.
- David, F.R. (1997) *Strategic Management*. 6th Edition. Prentice Hall
- Downe-Wambolt, B. (1992). Content Analysis: Method, applications and issues. *Health care for women international*. 13 Pp 313-321
- Drucker, P. F. (1954). *The Practice of Management*. New York: Harper and Row
- Freeman R. E. (1984). *Strategic management: A stakeholder approach*. Boston, Pitman Publishing Inc.
- Freeman, R. E. (2004). *Strategic management, concepts and cases*. Prentice-Hall, Englewood Cliffs, NJ.
- Hambrick, D., & Fredrickson, J. (2005). Are you sure you have a strategy? *The Academy of the Management Executive*, 19(4) pp.51-62
- Hill, C. W. L., & Jones, G. R. (1998). *Strategic Management: An Integrated Approach*, 4th edition, Boston: Houghton Mifflin
- Hill, C. W. L., & Jones, G. R. (2011). *Essential of Strategic Management*. 3rd Edition. South-Western Cengage
- Hough, J., Arthur, A., Thompson, A.J. Jr., Strickland, III. & Gamble, J.E. (2008). *Crafting and Executing Strategy. Text, Readings and Cases*. United Kingdom: McGraw-Hill.
- Hrebiniak, L.G. (2005): *Making strategy work: Leading effective execution and change*. Upper Saddle River: Pearson Education.
- Hrebiniak, L.G. (2006): Obstacles to effective strategy implementation, *Organizational Dynamics*, 35(1) pp.12-31.
- Hrebiniak, L.G., Joyce, W., (1984): *Implementing strategy*. New York: McMillan Publishing
- Johnson, G., Scholes, K., Wittington, K. (2002). *Exploring Corporate Strategy 6th*

edition. New York: prentice Hall.

Koske, F. (2003). *Strategy Implementation and its challenges in Public Corporations: The case of Telecom Kenya*. Unpublished MBA Project, School of Business, University of Nairobi.

Kothari, C.R. (2004). *Research Methodology: Methods and Techniques*, 2nd Edition, New Delhi: New Age International Limited.

Machuki, V. (2005). *Challenges of Strategy Implementation at CMC Motor Group Limited*. Unpublished MBA project, School of Business, University of Nairobi.

Miller, A.R., & Dess G.G. (1996). *Strategic Management*, 2nd Edition. McGraw-Hill, New York.

Mintzberg, H. (1987). *Crafting Strategy*, *Harvard Business Review*. Pp 66 – 75.

Mintzberg, H., Quinn, J.B., (1991). *The strategy process. Concepts, context, cases*. 2nd Edition Ed. Englewood Cliffs, New Jersey: Prentice Hall.

Ochanda, R.A. (2005). *Challenges of Strategy Implementation at Kenya Industrial Estates Limited*. Unpublished MBA project, School of Business, University of Nairobi.

Onyango, H.M. (2012). *Challenges in Implementation of Globalized Strategy by Cisco Systems East Africa*. Unpublished MBA project, School of Business, University of Nairobi.

Pearce, J., & Robinson, R. (1988). *Strategic Management: Strategy formulation and implementation*, 3rd Edition. McGraw-Hill Irwin

Pearce, J., & Robinson, R. (1997). *Strategic Management: Formulation, implementation and control*. 6th Edition. McGraw-Hill Irwin

Pearce, J.A., & Robinson Jr, R. B. (2007). *Strategic Management: Formulation, Implementation, and Control*, 10th Edition. McGraw-Hill Irwin, New York.

- Peters, T., & Waterman, R. (1982). *In search of excellence*. New York: Harper & Row Publishers.
- Porter, M. E. (1980). *Competitive Strategies: Techniques for Analysing Industries and Competitors*, New York: Free Press.
- Porter, M. E. (1985). *The Competitive Advantage: Creating and sustaining superior performance*. New York: Free Press.
- Rajasekar, J. (2014). Factors affecting effective strategy implementation in a service industry: A study of Electricity distribution companies in the Sultanate of Oman. *International Journal of Business and Social science*, 5, pp. 169-183.
- Raps, A. (2004). *Strategy Implementation- an Insurmountable Obstacle?* Hand book of Business Strategy, pp 141-146.
- Sterling, J. (2003). *Translating strategy into effective implementation; dispelling the myths and highlighting what works*. Strategy and Leadership pp.27-34
- Thompson, A. A., & Strickland, A.J. (1993). *Strategic Management: Concepts and Cases*. 7th Edition. Boston: McGraw-Hill Irwin.
- Thompson, A. A., & Strickland, A.J., (2001). *Strategic Management: Concepts and Cases*. 12th Edition. Boston: McGraw-Hill Irwin
- Thompson, A. A., & Strickland, A.J., (2003). *Strategic Management: Concepts and Cases*. 13th Edition. Boston: McGraw-Hill Irwin
- Wang, Y. (2000). *Strategy Implementation*, Unpublished report presented in a seminar on Strategy and International Business, Helsinki University of Technology.

APPENDICES

Appendix: Interview Guide

1. Respondent's name
2. What is your current position in the organization?
3. How long have you served the company and at what major positions?
4. Are you aware of WEA's current strategic plan?
5. How did you get to hear about it?
6. How was the strategy formulated and who were involved in that process?
7. Describe how strategy is implemented in WEA?
8. What actions are being implemented currently as per the strategic plan?
9. Are you involved in the implementation process?
10. What practices have been put in place to ensure successful implementation?
11. How is the implementation progress and results measured?
12. What challenges would you identify as affecting Strategy implementation at WEA?
13. How are these challenges addressed?
14. What is your overall view on the whole process?