CHALLENGES OF STRATEGY IMPLEMENTATION:

A SURVEY OF MANUFACTURING MULTINATIONALS OPERATING IN NAIROBI -KENYA

By:

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DECLARATION

This project is my original work and has not been submitted for a degree in University of Nairobi or any other University

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DEDICATION

I dedicate this work to my wife Priscillah for her love and understanding during the this program

To sons Victor and Austin and daughter Gloria, they gave me the motivation to study and complete the program

To my dear mother Mary Wanjiru and my late father Daniel Mwangi who taught me the true value of dedication at a very early age.

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I wish also to thank all those respondents who took their time to complete the questionnaires, without their input the project would not have been successful

Finally I give glory and honour to God for enabling me to start and complete this program successfully.

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ABSTRACT

Firms are dependent on their environments. They get their inputs from the environment, transform the inputs into outputs and transfer the outputs into their environment. Environments are dynamic and for firms to be successful in their environments, they need to anticipate and adapt to changes in their environments. It is these changes that pose challenges to firms. Firms respond to these challenges through formulation of appropriate strategies. It is not enough for firms to formulate good strategies but these strategies must be implemented effectively for the firm to achieve success.

The objective of this study was to determine the challenges of strategy implementation in manufacturing multinationals in Nairobi-Kenya. The second objective of the study was to determine the factors that affected effective strategy implementation in manufacturing multinationals operating in Nairobi Kenya

The research design was a cross sectional survey that utilized a semi structured questionnaire. The questionnaire contained both open ended and close ended questions. Senior managers of the companies targeted were interviewed. Descriptive statistics were used to analyze the primary data collected. Analysis was carried out through use of mean scores, frequency tables and standard deviation.

Research findings confirmed that manufacturing multinationals faced various challenges at varying degree. Human resources without requisite skills and competences were identified as a major challenge. Uncontrollable factors in the external environment also pose major challenge during the implementation. Other challenges included lack of information and lack of adequate physical resources

In order to implement their strategies effectively, multinational companies need to ensure they have a fit between the strategy staff and skills that necessary. Thus before attempting implementation an assessment should be carried to determine whether there are gaps in

skills and arrangement should be made to close those gaps through for example training and development.

Research findings also confirmed that various factors affected effective strategy implementation. These factors included performance targets, leadership of the Chief Executive officer, financial resources, planning and control systems, proper coordination and talented management team.

CHAPTER ONE: INTRODUCTION

1.1 Background

According to Johnson and Scholes (2002, p48) strategy is the direction and scope of an organization of the long term that achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholders' expectations. On the other hand Ansoff defines strategy as the product market scope of an organization. Hence strategy is the response of the Organization to challenges posed by the changes in its environment. It is a way of adapting the organization to changes in its environment. According to Ansoff strategic success hypothesis, the aggressiveness of the firm's strategy must match the turbulences in its environment, the responsiveness of the firm's capability must match the aggressiveness of its strategy and components of the firm's capability must be supportive of each other. Thus the match of the firm's strategy to its environment and its capability will lead to success.

On the other hand, proponents of Resource based view of strategy such as Barney (1991), Prahalad and Hamel (1990) and Collis et al (1998) argue that a firm's strategy should be based on the firm's core competence. The core competence arises when a firm develops a competitively distinct set of resources that are then deployed in a well conceived strategy. The core competence according to Prahalad and Hamel (1990) are the roots of competitiveness and a source of sustainable competitive advantage. Once strategies are formulated they have to be implemented. Failure of strategy can arise from poor strategies that fail the test of the environment-strategy-capability match, failure to couple strategy development and implantation and poor strategy implementation. This paper will deal with the area of strategy implementation.

1.1.1 Strategy implementation challenge

Different authors and researchers have recognized the difficult task of implementing strategy. "Experienced managers are emphatic in declaring that it is a whole lot easier to develop a sound strategic plan than it is to expedite the plan and achieve the desired outcomes" Thompson et al (2007.p359). This is also attested to by Sanderlands (1984) who declares that few managers have a problem drawing grand schemes to benefit their company but most fail to put them into action since they underestimate the commitment, time, emotion and energy needed to overcome the inertia in their organizations and translate the plans into action. According to Freedman (2003) it requires a genius to implement strategy successfully while Hobbs and Heany (1977) asserts that for successful implementation, the firms operating plans must be coupled with the strategy being implemented. In order to implement strategy successfully, the organization must create a match between strategy and various components such as available resources structure and systems must be aligned to strategy, its people must posses requisite skills and competences, must have strategic leadership, its culture must be supportive of the strategy, it rewards system and performance evaluation systems must be supportive of the strategy and a system of continuous monitoring and taking of corrective action must also be put in place. Aspesi and Vardham (1999) asserts that the best strategy for any company is one it can implement and before a company chooses a certain strategy it should think of what the company does well. They say that this will enable the company to make informed choices between a “second-best” strategy that it can execute well and an ideal strategy that may demand capabilities that it simply do not have.

According to Thompson et al (2007), the challenges of strategy implementation stems from the fact that a fit between strategy must be established in many areas of the organization. A mismatch between strategy and any of the components can lead to failure. Challenges can arise due to poor strategic leadership, lack of financial resources, insufficient or human resources that do not have the requisite skills and competences and organization structure that is not aligned to the strategy. According to Chandler (1962) structure follows strategy and hence structures might need to be altered so that they can be well aligned with the strategy that is being implemented. On the other hand, Neilson et al (2008) who argues that enterprises must first begin with determining the decision rights and how the information will flow before making structural reorganization. Challenges might also arise from unsupportive culture, poor management of change, incompatible management systems, and lack of buy-in from various stakeholders due to poor communication and perceived lack of involvement.

Various models of strategy implementation have been proposed for example the Mckinsey 7-s framework, and the 8-component model of successful strategy implementation proposed by Thompson et al (2007). A common thread runs in most of these proposals in that there is need to align the strategy to the various components of the organization.

1.1.2 Manufacturing Multinational in Nairobi Kenya

According to Hamel and Prahalad (1983), multinational companies (MNCs) face the dilemma of conflicting demands of integration and responsiveness of their strategies to local conditions in countries in which they operate. They argue that a "misfit" can occur between strategic imperative and apportionment of strategic responsibility either when the strategic imperative requires local responsiveness but the strategic responsibility resides in the Head office or where strategic imperative calls for word-wide integration but the strategic responsibility resides with the subsidiaries. A delicate balance must be maintained and the MNCs must be flexible enough to be able to respond to changes in their environment with speed

According to Kaplinsky (1978) little attention has been given to the subject of MNC by those undertaking research on Kenyan economy despite their importance to the Kenyan economy. He asserts that before 1945 there was absence of manufacturing activity in Kenya with the little activity there was, being dominated by the European settlers. However by 1975, there was a rapid expansion of the manufacturing sector that accounted for 13.9% of the Gross National Product. Direct foreign investments were now concentrated in the manufacturing sector and by 1969, the sector accounted for 32.4% of the direct foreign investment in Kenya. Kaplinsky (1978) says that this expansion and direct investment into Kenyan manufacturing sector was due to a number of reasons such as the relatively stable environment in Kenya, ease of profit repatriation, welcoming nature of the Kenya Government, high profitable investment opportunities, good geographical situation that enabled Kenya to be a good distribution point for companies wishing to serve East and Central African markets. According to Aosa (1992) the manufacturing sector is heavily dependent on imported inputs and also the sector is characterized by high level of concentration.

According to Pricewaterhousecoopers (2008), Kenya has a large manufacturing sector serving both the local and exports to the East African region. The manufacturing sector is largely dominated by the subsidiaries of multinational corporations. In 2004, it contributed to approximately 13% of the Gross domestic product (GDP). A lot of changes have taken place in the Kenyan economy starting with the liberalization of the Economy in the early 1990s, favourable tax reforms and tax incentives, vigorous export promotion and liberal trade incentives to take advantage of the expanded market outlets through AGOA, Common Market for East and Central Africa (COMESA) and the East African Community (EAC). In the political arena, we have seen the transition from the Kenya African union (KANU) regime in 2002 to National Rainbow coalition (NARC) to Grand coalition after the 2007 General elections which led to turbulences in Kenya never witnessed there before. All these changes have posed different challenges to the manufacturing multinationals operating in Kenya.

In the manufacturing sector, the multinationals carry out business in various sectors of the economy such as in food processing, beverages, soap, paint, detergents, pharmaceuticals, personal care, insecticides and pesticides, tobacco and mining. Some of the dominant companies in the manufacturing sector include, Unilever Kenya Ltd, PZ Cussons East Africa ltd, ReckittBenckiser, Wrigleys Company East Africa Ltd, Coca-Cola SABCO, British American Tobacco (BAT), Sara Lee Household and Body care Kenya Ltd, Beiersdorf East Africa Ltd, Colgate Palmolive East Africa Ltd, Bayer East Africa Ltd, Bamburi Cements, Henkel, Glaxo Smithkline Kenya Ltd, Tetra Pack Ltd. In recent years the, operating environment in Kenya has become very turbulent. Various challenges such as poor infrastructure, high energy costs, inefficient port of Mombasa, unstable political environment and unstable local currency have forced some multinationals to adopt different strategies. Some companies such as Johnson and Johnson relocated to Zimbabwe and only maintained a selling agency in Kenya, Procter and Gamble closed down their manufacturing facility, ReckittBenckiser closed their manufacturing facility and outsourced their manufacturing to local companies such as Orbit chemicals, Twiga chemicals and Buyline industries. Lately also, Colgate Palmolive East Africa Ltd closed down their manufacturing facilities outsourcing the manufacture of the bulk soap to local companies while opting to import other products such as toothpaste from their sister companies in Egypt and South Africa. Importation of finished products in the country is expensive due to the high import duty regime that can be as high as 35%. To overcome this challenge, some manufacturing multinationals have opted to import from their sister companies located in countries within the COMESA region such as Egypt. High costs of labor have forced many multinationals to outsource some of their non-core activities such as cleaning and outbound logistics. This has lead to a series of retrenchments in these companies. Other multinationals have restructured their operations in order to become more competitive. These companies have made a deliberate choice of only manufacturing products that they can produce efficiently in the country, while opting to import from their sister companies abroad other products that they consider expensive to produce locally. Other multinationals such as Reckittbenckiser appear to follow a clear strategy of concentrating on development and Marketing of innovative products while outsourcing the manufacturing aspect to other companies.

1.2 The Research problem

Strategy implementation is very important since a firm can not realize the intended result without effective implementation. Brilliantly formulated strategies can fail if they are not effectively implemented. According to Judson (1991), the success rate of intended strategies is as low as 10%.Miller (2002) asserts that organizations fail to implement more than 70% of their new strategic initiatives. While Neilson (2008) reports that according to their research 3/5 people rated their firms as weak in strategy execution.

The environment of the manufacturing multinationals in Kenya has been and continues to be very dynamic. Multinationals operating in Kenya have come under increasing competitive pressure from local companies that seems to be agile, ready to anticipate and adapt to changes in their environment. Due to the various changes taking place in the environment of the Multinational companies, they must have responded by putting in place new strategies. For the multinationals to remain successful these strategies must have been implemented. For successful implementation to take place, the multinationals corporations must have faced and overcame the various challenges highlighted in section 2.1 above. So the question is what were the implementation challenges faced by the Multinationals and how were these challenges dealt with?

Okumus (2003, pp.880) in his recommendation for further research reports that "it is evident that most of the previous studies on strategy implementation have been undertaken in Aglo-Saxon countries, particularly U.S.A and UK. Learning more about how companies in other countries and cultures are developing and implementing strategy would also provide new insights on strategic management". Aosa (1992) recommends that further studies should be carried out in the area of management training, managerial involvement in strategy, problems of strategy development and implementation.

A number of research projects have been done in this area in Kenya but none has looked at the challenges facing Multinationals in their strategy implementation. These completed projects have identified challenges faced by organizations in implementing strategies in different context such as Oil companies (Otieno,2006), Telkom Kenya (Koske,2003), KIM(Wambugu,2006), AMREF(Muthuiya,2004), ICDC(Wangeci,2006), KIE (Ochanda 2005), K-REP (Kimithi,2006)

1.3 Research objectives

The following two research objectives were pursued:

i. To determine the implementation challenges faced by manufacturing multinational corporations operating in Nairobi Kenya
ii. To determine factors that lead to effective strategy implementation in Manufacturing Multinationals operating in Nairobi Kenya

1.4 Importance of the study

The study will be important to the researchers and scholars, policy makers and the managers. To the managers, the study will uncover the implementation challenges faced by the multinational corporations in Kenya. It is hoped that this will provide key insights that will assist managers in these organizations to identify in advance the key challenges that are likely to impact on their implementation process so that they can put in place measures to overcome them. It will also deal with the key success factors in strategy implementation. It is hoped that this will increase the speed and also the success rate of strategy implementation in these companies. The study will also be important to the researchers since the results can be used to carry out comparative studies with companies operating in different context. For example, manufacturing multinationals operating in the other East African countries such as Uganda, Rwanda and Tanzania.

To the policy makers, the study will provide insights into challenges that faced by manufacturing multinationals operating in Nairobi-Kenya. These insights can then be used to formulates policies that will create an enabling environment for these companies to continue investing in the country. The importance of direct foreign investment in the country can not be taken for granted, creation of employment and transfer of technology are also vital to the economy.

CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of strategy

There seems to be no definite definition of the term strategy. Ansoff (1965) has defined strategy as the product/market scope of a firm. On the other hand Johnson and Scholes (2002) has defined strategy as the direction and scope of an organization of the long term that achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholders' expectations. Andrews (1971) has defined strategy as a match between what a company can do (Organizational strengths and weaknesses) within the universe of what it might do (environmental opportunities and threats). Porter (1980) views competitive strategy as being determined by the industrial structure. The structure and hence the competition within a certain industry is influenced by the "five forces" of bargaining power of buyers and sellers, threats of substitute products, threat of new entrants, and the degree of rivalry in the industry.

According to the firm-Environmental dependency model, the firm is an open system. It gets its inputs from the environment, transforms them into output and discharges them to the environment. This implies that any changes in the environment will necessitate change in the firm. In order to survive and remain successful in its environment, the firm has to adapt to its environment. The firm uses its strategy to adapt it to the changing environment. According to Venkatraman and Prescot (1990), "principle of Coalignment", the "fit" between a business strategy and its environment has significant implications for performance. Hence the strategy should match its environment and also the firm's capability should match the strategy. This view agrees with the Ansoff (1990) success hypothesis that postulates that the aggressiveness of the firm's strategy must match the turbulences in its environment, the responsiveness of the firm's capability must match the aggressiveness of its strategy and components of the firm's capability must be supportive of each other. Thus strategy formulated on this basis will lead to success.

2.1.1 Resource based view of strategy

Another view of strategy is the Resource based view. Proponents of this view such as Barney (1991), Prahalad and Hamel (1990), Collis.et al (1995) and Wernefelt (1984) argue that a firm's strategy should be based on its core competence. The organization will be successful if it can match its strengths with the opportunities available. Internal resources are seen as the most important determinants of a company's strategy. The core competence arises when a firm develops a competitively distinct set of resources that are then deployed in well-conceived strategy.

According to Prahalad and Hamel (1990) core competences are the roots of competitiveness. Managers of the 1990s will be judged on their ability to identify, cultivate and exploit core competencies that make growth possible. They argue that the root of competitive advantage is in a portfolio of competences and not a portfolio of business. Thus to build sustainable competitive advantage, the firm must start by developing distinctive resources on which it bases its strategy. Collisis.et al (1995) have identified the following criteria for determining whether a resource is a distinctive resource or not.

The resource must pass the test of inimitability, that is, it must be hard for the competitors to copy. Such a resource generates profits on a sustainable basis. A resource can be hard to copy if it has path dependency in that competitors can not buy it instantaneously from the Market; they have to build it over time in ways that are difficult to accelerate. An example of a resource that is difficult to imitate is that that has casual ambiguity in that the competitors would find it difficult to disentangle either what the valuable resource is or how to re-create it. Such resources are usually organizational capabilities. Another characteristic of distinctive resource is that of durability. The resource must be long lasting and capable of sustaining a competitive advantage over time. The resource should also pass the test of appropriability in that a company should be able derive value from the resource. The test of competitive superiority is another key characteristic of a distinctive resource. Here the company should possess distinctive competency in that its resource is superior to that of competitors.

The company can identify distinctive resources by disaggregating its core competence and determining what it does better than its competitors. Sometimes the valuable resource is a combination of skills none of which is superior by itself but which, when combined makes a better package. Conclusions about critical resources should be based on data from the market. Manager should build their strategies based on distinctive resources that meet the five criteria. They must be aware that since all resources depreciates over time, an effective corporate strategy requires continual investment in order to maintain and build valuable resources. In investing in core competencies the mangers should take into account the competitive dynamics that determine industry attractiveness. Competitor analysis is important in trying to determine whether a resource is a distinctive resource or not

2.1.2 Strategy lenses

According to Johnson and Scholes (2002), people tend to view strategy in different ways. He has named these different ways of perceiving strategy as strategy lenses. These lenses include the design, experience and ideas. In design lens, strategy is viewed as a forward plan that arises out of rational analysis and choice. Experience lense, views strategy as a result of the firm's past history, thus strategy develops in an adaptive fashion and new strategy develops from the old. Ideas lense on the other hand views strategy as the emergency of order and innovation from a variety of ideas that exists in and around the organization. The ideas lens tends to explain how novel strategies are developed.

Mintzberg (1978) has proposed the entrepreneurial, adaptive and planning mode. According to Mintzberg's adaptive view, managers react to situation as they arise while in planning mode, strategy is as a result of conscious managerial effort. Mintzberg (1978) has also advocated for the deliberate versus emergent strategy view. According to Mintzberg, intended strategies that get realized are called deliberate strategies while realized strategies that were never intended are referred to as emergent strategies.

2.1.3 Views of strategy formation

Views of strategy development include the rational view, power-behavioral view and logical incrementalism. Under the rational view, strategy is derived from a well defined process such that strategy is developed and then implemented and hence it is seen to come before the events it governs. In the power behavioral view, strategy is shaped by the power and behavioral forces that are at work in the organization. Many stakeholders are involved and bargaining and compromising is involved in the strategy formation. According to logical incrementalism view, strategy tends to be incremental and evolutionary. Managers consciously and proactively move forward. According to Johnson and Scholes (2002),the political view of strategy development is, that strategies develop as the outcome of processes of bargaining and negotiation among powerful internal or external interest groups or stakeholders. On the other hand logical incrementalism is the deliberate development of strategy by learning through doing.

All these views tend to explain the strategy development process. While rational analysis is important, strategy is also affected by power behavioral factors such as a firm’s culture and politics and hence all these views are important in trying to understand the strategy concept. This view is supported by Johnson and scholes (2002), who asserts that it is unlikely that any one view can explain how strategies are developed rather we can have some aspects of planning, political activity and even some aspects of the strategy could have been imposed on the organization.

2.2 Strategy implementation process

Strategy implementation is the translation of a company strategy into action in order to achieve results. It is important that the company’s daily activities are linked with the accomplishment of the company strategic plan. According to Thompson et al (2002), Strategy implementation involves creating a fit between strategy and many areas including structures, staffing, organizational skills and distinctive competences, budgets work assignments, rewards and incentives, policies and procedures, culture and information systems. According to Thompson et al (2007), strategy implementation process should follow an 8-point process. This includes building an organization with competences, capabilities and resources strength to execute the strategy, marshalling sufficient money and people behind the drive for good strategy execution, instituting policies and procedures that facilitate strategy execution, adopting best practices and striving for continuous improvement, installing information and operating systems that enable company personnel to carry out their strategic roles proficiently, tying rewards and incentives directly to the achievement of strategic and financial targets, instilling corporate culture that promotes good strategy execution and exercising strong leadership to drive execution forward and attain operating excellence.

It is critical to align the firm's structure with the strategy being implemented. Inconsistencies between structure and strategy will lead to inefficiencies that in turn can result into higher operational costs. According to Chandler (1962), structure follows strategy. There are various organizational structures that a firm can pick from depending on the strategy been implemented and the information requirements of the new strategy. Examples of these structures include functional, divisional, product and matrix structures. According to Neilson (2008), clarifying decision rights and designing information flows is critical in strategy implementation. They argue that blocking of information results in poor decisions, limited career development and reinforcement of structural silos. People should understand what they are responsible for and who makes which decisions and then given the information they need to fulfill their responsibilities. It is critical to match organizational structures with firm strategy to ensure effective performance. According to Thompson et al (2007), the firm should make the internally performed strategy-critical activities the main building blocks of the organization's structure. Effective structures need to be flexible and temporary due to the dynamic environment in which the firms operate.

In strategy implementation, it is important to manage resource allocation. Resources include having the right kind of people with requisite skills and competences and also having enough funds to implement the strategy. The company reward system should be used to align the contribution of individual employees to strategy execution. Every strategy requires the organization to undertake new strategic programs. These strategic initiatives require resources. Resources are allocated through operating and capital budgets. It is important that a need assessment is carried out to determine the resources that should be allocated to each strategic initiative. The funding requirements of a new strategy should determine how capital allocations are made and the size of each unit's operating budgets. Under funding of organizational units and activities pivotal to strategic success can impede execution and drive for operating excellence. On the other hand, too much funding leads to waste and impedes the financial performance of the company. It is important that the activities that are funded reflect the strategic thrust of the company.

In order to implement the strategy successfully, it has to be "operationalized". This is the breaking up of the strategy into short-term objectives, programs and action plans. These actions plans are then translated into budgets. According to Pearce and Robinson (2007), short-term objectives and action plans guide the implementation of the strategy by converting long-term objectives into short-term actions and targets. It is also important to establish milestones that will be used as a basis of gauging the implementation process. Pierce and Robinson (2007) assert that it is also important to break up the business strategy into functional tactics. Functional tactics will involve functional areas such as Marketing, Finance, Sales, procurement etc. It is these functional tactics that create competitive advantage for the firm.

In the implementation process it is important to establish new polices and revision of older ones. These policies are used to establish standard operating procedures that will facilitate strategy implementation and counteract resistance and rejection of the new strategy. According to Pearce and Robinson (2007), policies control decision while defining allowed discretion within operating personnel. It helps in overcoming resistant to strategic change, empower people to act and foster commitment to successful strategy implementation. According to Thompson et al (2007) Policies help to align the actions and behavior of company personnel with the requirements of good strategy execution. Policies should be well thought out so that they are not used to drive away customers. Well thought out policies will enforce strategy implementation by directing behaviours, decisions and practices in the direction of strategy implementation. Policies reduce conflict by prescribing a common practice for handling routine issues.

In the implementation process, strategic leadership is required. The strategic leader should provide a vision, initiative, motivation and inspiration. Since strategy implementation is about change, the strategic leader should guide the organization to deal with change. According to Kotter (2002) the role of leaders is to prepare organizations for change and help them cope as change is implemented. Leaders should develop a vision for the future, align people by communicating the new direction, motivate and inspire people to move in the right direction. On the other hand Pearce and Robinson (2007) asserts that strategic leader should perform three roles, that is, he should clarify the Company's strategic intent, build the organization so that it continuously adapt to the changes in its environment and finally shape the organization culture so that it supports the company strategy. In clarifying the strategic intent the strategic leader, communicates to the stakeholders where the strategy needs to take the organization. He should also surround himself with talented managers who will help him execute the strategy. Gapin (1998) asserts that difference between successful and unsuccessful strategy implementation lies with the way management motivates and educates its people to act on the business strategy. The strategic leader can influence the corporate culture through use of rewards and punishment system, stories and legends, ceremonies and symbols etc.

It is of paramount importance that the organization culture is supportive of the strategy being implemented. Thompson et al (2007) has defined organizational culture as the character of a company internal work climate and personality as shaped by its core values, beliefs, business principles, traditions, ingrained behaviours, work practices and styles of operating. Pearce and Robison (2007) have defined corporate culture as the set of important assumptions (often unstated) that members of an organization share in common. For an organization's culture to be strong, the beliefs and values should be widely held and internalized by the Organization members. Organization culture is critical in strategy implementation in Multinational corporations because of the cultural diversity in the markets they operate in. Thomson et al (2007) has classified organization culture in various ways such as strong culture, weak culture, high performance culture, high adaptive culture and bad cultures. In a strong culture company, culturally approved bahaviours and ways of doing things are nurtured while culturally disapproved behaviours and work practices are discouraged. It is critical to manage strategy- culture relationship.

Once culture is developed, it becomes very difficult to change it. In this context therefore, culture can be both a foe and a friend when in implementing strategy depending on whether it is supportive of the new strategy or not. In fact Pearce and Robison (2007) are of the view that a firm might be forced to reformulate its strategy or be prepared for long-term difficulty cultural change if many changes are required to implement the strategy and those changes are not compatible with the organization culture. Pearce and Robison (2007) says that since Multinational companies tend to be multicultural, the trick in establishing a workable strategy- culture fit is to ground the culture on strategy supportive values and operating practices that travel well across country borders. Organization culture can be influenced through a variety of means such as retelling the company stories and legends, having ceremonies to honour employees that have aligned themselves with the desired culture etc.

It is essential for managers to have adequate information on the performance of the daily operations in order to gauge how well the strategy is being implemented. To this end it is important to put in place information, performance tracking and control systems in place. These systems will provide the necessary information needed for implementing and controlling organization strategy. Examples of information systems includes, management information systems (MIS), Decision support systems (DSS) that enable managers to carry out various analysis on strategy implementation etc. According to Thomson et al (2007), tracking of key performance indicators (KPI), gathering information from operating personnel, quickly identifying and diagnosing problems and taking of corrective action are important in the process of implementing strategy. Pearce and Robison (2007) assert that it is important to put in place controls that check whether the assumptions about the environment that were used in strategy formulation are still valid. During the implementation phase, the management should also endeavor to adopt best practice and continuously improve performance through continuous improvement programs such as total quality management and six –sigma. These programs should be used as tools for implementing the company strategy more effectively.

2.3 Factors in effective strategy implementation

Okumus (2003), from a review of previous research in the area of strategy implementation has identified eleven factors that are crucial to successful implementation of strategy. These include strategy development, environmental uncertainty, organizational structure, leadership, operational leadership, operational planning, resource allocation, communication, people, control and outcomes. He has further classified them into strategic content, strategic context, operational process and outcomes. Implementation process is complex and needs to be viewed from a holistic perspective.

Minzberg (1994) stresses the importance of strategic thinking preceding planning. He asserts that strategic thinking involves more of intuition and creativity, while number crunching and planning can inhibit strategic thinking. Strategic thinking is required in order to formulate sound strategic plans which when implemented successfully helps an organization to achieve success. It is important to note that a brilliant strategy can fail if it is not effectively implemented. There are several factors that should be considered for implementation to be effective. Although the individual factors are important to the implementation process they also influence each other in the process. We shall discuss in detail some of these factors in the sections below.

2.3.1 Linking Budgeting with Strategy and top management involvement

Raps (2005), Judson (1991) and Guth (1985) stress the importance of commitment of top management, involvement of middle, lower level managers and supervisors in strategy development and implementation. Involvement of middle, lower level managers and supervisors in strategy development will ensure that they buy in into the plan and hence will be more committed when it comes to its implementation. According to Guth and

Macmillan (1985) middle managers who believe that their self interest is being compromised can not only re-direct a strategy, delay its implementation or reduce the quality of its implementation, but can also even sabotage the strategy. Thus it is very important that middle and lower level managers who often times are entrusted with strategy implementation are also involved in its development. This will reduce resistance and ensure effective strategy implementation.

It is important that the company budget is derived from the Company's grand strategies (Aosa, 1992). Once the strategy has being formulated, it has to be broken down into shorter time frames. This can be done through preparation of annual budget. Hobbs (1977) calls this "coupling budgets to strategy". Deriving annual budgets from the strategy ensures that the various programs and projects are in line with the overall strategy. Resources, both financial and non financial are allocated to these programs and projects on a priority basis depending on their importance to the effective implementation of the strategy . This resource allocation is done through operational and capital budgets.

2.3.2 Effective change management

Strategy implementation involves change. According to Miller (2002), the key driver of successful strategy execution is the ability of the leadership to implement change and sustain it long enough to realize the anticipated benefits. Strategy is a way of adapting the organization to the challenges posed by the environment. This view is also shared by Springer (2005) who has identified effective change management as one of the key success factors in strategy implementation. She asserts that good management of change is the single biggest obstacle to implementing strategy.

Change management is complex. According to Judson (1991), it involves overcoming both the systemic and behavioral resistance. Systemic resistance concerns the capacity of the organizational operating systems to change such as structures and resources. On the other hand behavioral resistance has got to do with people. There are various strategies of overcoming behavioral resistance such as facilitation and support, manipulation etc. For the change process to be effective, a change agent must be involved. Change agent could be an external consultant, company's chief executive officer (CEO),or any other employee. Change management also involves use of power and influence, stakeholder analysis and use of politics to make the change successful. Various models of change such as the ADKAR model and field force analysis are useful in the change process. Springer (2005) cautions that any use of power- strategy that violates organizational values and power structures is bound to fail. The power structure in the organization can be altered through use of resource allocation and change of structure.

2.3.3 Fit between organization structure and strategy

Management must establish a fit between structure and organization strategy. According to Springer (2005), there must be right balance between centralization and decentralization of decision. An identification must be made of what key decisions makers on the Board, executive offices, in supervision and on the ground will be responsible for and accountable. This view is shared by Nelson et al (2008) who asserts that decisions rights and flow of information are the most effective drivers of effectiveness in strategy implementation and this should be clarified from the on-set of the process. They add to say that people should be made to understand what they are responsible for and who makes which decisions and then they should be given information they need to fulfill their responsibilities.

According to Thompson et al (2007) aligning structure to strategy involves deciding which value chain activities to perform internally and which to outsource. They argue that the internally performed strategy-critical activities should be made the main building blocks in the organization. However Barney (1991) warns that firms should think carefully when it comes to outsourcing since outsourcing can lead to erosion of the firm's competitive advantage as the firm can lose its grip on some of its core competences. Thus outsourcing if not carefully thought out can turn out into a competitive disadvantage to the firm.

2.3.4 Strategic issue management

Ansoff and MacDonnell (1990) have defined a strategic issue as a forthcoming development, either inside or outside of the organization, which is likely to have an impact on the ability of the organization to meet its objectives. An issue can be an opportunity, threat, internal strength or weakness. Strategic issues management is necessary in highly turbulent environment. In highly turbulent environments, characterized by discontinuities, the premises on which a firm's strategy was based can become invalid very fast. Through, strategic issue- analysis, the firm can identify these discontinuities on a timely basis and take actions to address them. According to Ansoff and MacDonnell (1990), strategic issue management (SIM), is a systematic procedure for early identification and fast response to surprising changes both inside and outside an organization. It involves continuous surveillance of issues that may occur between reviews, determining their likely impact on the organization and taking appropriate action.

Pearce and Robinson (2005), Thompson et al (2007) asserts that that instituting strong controls and adoption of continuous improvement programs such as six sigma and total quality management are important in strategy implementation. Policies and procedures that supports implementation of the company strategy should be put in place. Policy communicates specific guides to action and aligns actions and behaviour with strategy throughout the organization. It ensures that the day to day activities are geared towards effective strategy implementation.

2.3.5 Adequate resources

Availability of adequate resources is another key success factor in strategy implementation. Resources include enough funds and also Human resources that have requisite skills and competences. The various projects and programs needed to implement strategy must be adequately funded and hence financial resources are also very important. Gapin (1998) stresses that the differences between successful and unsuccessful strategy implementation lies with the way management motivates and educates its people to act on a business strategy. The reward system such as salary increases, promotions praise and recognition should be linked to performance so that people are judged on how well their actions are geared towards effective strategy implementation. When the reward system is used this way, it motivates employees and ensures that their daily work effort is directed towards effective strategy implementation.

According to Thompson et al (2007), the organization should be staffed with strong management team, employees with the needed experience, technical skills and intellectual capital should be recruited. The management team has got to be talented with the right mix of skills, experiences and abilities to action the strategy. Funds should be allocated through capital expenditure and operational budgets on a priority basis to those programs and projects that are critical to strategy implementation. The firm should build core competences and capabilities that are difficult for the rivals to emulate. These core competences will lead to improved strategy execution and potential competitive advantage (Thomson et al 2007).

2.3.6 Culture that is supportive of the strategy being implemented

Culture can be both a foe and a friend in strategy implementation. According to Yemm (2007), a close fit between the culture and the strategy increases the chance of success. He adds that where culture has clear values, beliefs, and behaviours which link to the vision, objectives and strategy, people will feel aligned and deliver more. When the organization culture is supportive of the strategy, it aids very much in its implementation. On the other hand if the culture is unsupportive, then it has the potential to constrain strategy implementation. It has been recognized that innovative strategies arise from environments that are flexible, where diversity and variety of ideas are encouraged to thrive. Such Organization actively seeks change and adapts to change. It is in this context that culture has to be managed in order to make the desired change effective.

According to Pearce and Robinson (2005), when many changes need to be made which are incompatible with the organization culture, then the strategy might need to be reformulated or the firm should brace itself for difficult time trying to change its culture. Changing culture is very difficult and can take a long time. According to Burnes (1989), organization culture changes slowly since they are locked into the beliefs, values, and norms of each individual in the Organization. Given that an Organization environment can change rapidly as can its structure, situations will arise where an organization's culture may be out of step with changes taking place in the environment, structure and practices of the organization. In certain cases, a strong culture is desirable, however in other situations, shared values and strong culture may have negative effect of stifling diversity and preventing alternative strategies from arising.

2.4 Challenges of strategy implementation

According to Okumus (2003) Barriers to strategy implementation relates to the individual implementation factors and also not being able to achieve fit between the critical factors. He has identified various factors such as poor communication of the new strategy, lack of or poor planning or activities critical to implement process. Robert (1991) has identified the problem of not coupling strategy development with implementation as a major challenge. This stems from lack of involvement of all stakeholders. Nelson (2008) is of the view that the greatest barrier to strategy implementation arises when decision rights are not clarified and information flows are not well designed.

Freedman (2003) has identified commitment, strategic inertia, strategic isolation and strategic drift arising out of lack of focus. Judson (1991), Raps (2005) and Guth (1985) emphasize the need to involve the lower level managers and their supervisors in strategy development and implementation in order to secure their commitment to the intended strategy. In the following sections, we shall examine in detail some of these factors and how they can be a challenge to strategy implementation.

2.4.1 Culture that is not supportive of the strategy that is being implemented

According of Yemm (2007), it is important to carry out an assessment of the corporate culture before committing too much time and effort to the strategic planning process. Managing the strategy-culture relationship requires sensitivity to the interaction between changes necessary to implement the new strategy and the compatibility or fit between those changes and the firm's culture. Where there is a mismatch between strategy and culture, then the culture of the Organization needs to aligned with the strategy being implemented.

Pearce and Robinson (2005) assert that an organization can be forced to reformulate its strategy if there are so many changes that are needed to be made to the organization and those changes are not compatible with the organization culture. This is because changing culture can take a very long time and the organization might not have this time given the dynamic environment in which it operates. Changes in the environment requires an organization to adapt and respond to the challenges posed by these changes in a fast manner. Where an organization desires to change its culture, Thompson et al (2007) has provided a variety of techniques that can be used to influence culture such as use of stories and legends, ceremonies, screening of new employees etc.

2.4.2 Environmental factors

Strategy is developed and implemented in a certain context. According to Okumu (2003), this context includes the external and the internal context. External context and the internal context normally are the basis of the assumptions underlying the strategy. In today's dynamic environment characterized by turbulences and discontinuous changes, the assumptions on which strategy was based can become invalid overnight. For example, a new technology can render the firm's current technology obsolete and hence uncompetitive, government legislation can place extra burdens on the firm and entrants of new competitors can quickly erode the company's key strength. Internal context includes such things as the firm structure and organization culture discussed above. It is important that organization structure is well aligned to the strategy and also aids in good flow of information.

An organization need to keep track of the changes that are taking place in its environment. It is important that the organization is able to anticipate and adapt to these changes. As part of the implementation process, system of control should be put in place which among other things will alert management what kind of impact the changes in the environment will have on strategy being implemented. This system can take the form of the strategic issue management system advocated by Ansoff and MacDonnell (1990).

2.4.3 Lack of proper leadership and support of senior managers

Chief Executive Officer (CEO) should provide strategic leadership. The CEO should provide the vision, motivation and aspiration. He should provide the need for change and also create the urgency of change. He should be involved in the strategy formulation and implementation process. According to Okumus (2003), leadership is crucial in using process factors and also manipulating the internal context to create an environment that is receptive to change. This view is also shared by Kotter (2002) who asserts that leadership is about coping with change and that leader should set the direction which that change will take. Since strategy implementation, is about change, the CEO should be involved in the change management process.

Hence lack of strategic leadership can lead to failure of strategy since a leader affects most of the other factors that are critical to implementation such as resource allocation, culture, communication and people. The support of senior and middle level managers is also important. Often times these are the people who are normally entrusted with the implementation process. In order to get their buy-in, they must be involved in strategy development as well as strategy implementation. Lack of buy in can lead to resistance which in turn can slow down the implementation process .

2.4.4 Lack of proper management of organizational politics

The new strategies need to be communicated to all stakeholders. It is important that the buying and commitment of all stakeholders is secured during implementation. According to Pettigrew (1977), strategy formulation and by extension implementation is a political process. He defines political behavior as behavior by individuals or in collective terms sub-grouping within an organization that makes a claim against the resources of the organization. Implementation of strategy will most likely threaten the existing distribution of resources such as salaries, promotion and other benefits. This can lead to resistance as the various groups with vested interests fear losing those benefits when the new strategy is implemented.

The organization should recognize the existence politics and manage them in order to implement strategy effectively. According to Guth and Macmillan (1985) middle managers who believe that their self interest is being compromised can not only re-direct a strategy, delay its implementation or reduce the quality of its implementation, but can also even sabotage the strategy. It is important to carry out a stakeholders analysis to determine who they are, what they interests are and they relative power. This analysis will enable the Organization to manage and secure the commitment of all stakeholders in order for the implementation process to be successful.

2.4.5 Lack of proper communication

According to Al-Ghamdi (1998), communication, management supports and good information systems are key tools for smooth strategy implementation. Strategy formulation cannot be separated from strategy implementation. Company management has to develop a good information system that will help managers to obtain quality information. According to Aattonen and Ikavalko (2002), the key to successful strategy implementation is communication, proper interpretation, acceptance and adoption.

The chief executive should communicate the need for change and also ensure that both the organization's operating systems and people have the ability and capacity to change. People can be given the ability to change through training if the strategy requires skills that they do not posses. People need to understand why change is necessary and how it will affect them. Effective communication can reduce the behavioural resistance and focus peoples efforts towards a common goal. Thus effective communication is important because it will enable the people to support the strategy implementation.

2.4.6 Human resources without requisite skills and competences.

According to Raps (2005), Research indicates that human resources are becoming key success factors in strategy implementation. Gapin (1998) asserts that the difference between successful and unsuccessful strategy implementation lies in the way management motivates and educates its people to act on the business strategy. A new strategy may require skills and competences that the organization does not have. This lack of staff without the required skills can constrain strategy implementation. Thus an organization should carry out an assessment of the skills and competences that are required by the new strategy, assess what they have and put in place plans to close the skills gaps. Gaps in skills can be closed through training and management development programs. Thus a fit between strategy, staff and required skills must be achieved for strategy implementation to be effective.

Effective performance management and rewards must be put in place to channel people's efforts towards strategy implementation. Reward should be linked to performance. According to Pearce and Robinson (2005) a properly designed reward system aligns the well being of employees with their contribution towards strategy execution and achievement of performance targets. Since strategy implementation is about change, a properly designed reward and performance management system can be used as a tool to focus peoples' effort in the direction of strategy implementation.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research was a cross-sectional survey of descriptive type. This research design was chosen since the study sought to find out the strategy implementation challenges faced by manufacturing multinationals operating in Nairobi- Kenya and factors that affected effective implementation of their strategies. According to Bryman and Bell (2003), a survey study enables a wide range of data to be collected that can be used for comparison purposes and also to detect pattern of associations in the cases under study. It is used to collect data on more than one case at a single point in time.

3.2 Population of study

The target population was the manufacturing multinationals operating in Nairobi Kenya. The Kenya directory of manufacturing industries (1997) was used to select the companies to be studied. Due to the fact that the directory was compiled in 1997, some information might have been outdated and hence the Kenya Association of Manufacturers (KAM) list of Members was used to update it. The list of 28 manufacturing multinationals studied is attached in appendix 1

3.3 Data collection

The research utilized primary data. The data was collected through a semi structured questionnaire consisting of both open ended and closed ended questions (Appendix 11).The questionnaire consisted of four parts. Part one sought information on company profile such as the name of the company, number of employees etc. Part two sought information on the strategy implementation process in the organization while part three was concerned with the challenges of strategy implementation. The final part collected data on factors that affected effective strategy implementation. The questionnaires were administered by personal visits and where possible through one on one interviews.

The respondents were drawn from top level management preferably at the Head of department level and where available, executives in charge of strategy. This was necessary because the information sought required a thorough understanding of the firm's strategy development and implementation process. It also required people who had an understanding of the key challenges that were faced by the organization and how the firm overcame these challenges.

3.4 Data analysis

Since data obtained was mainly of descriptive nature, descriptive statistics were used. Data was analyzed where appropriate using SPSS. Mean scores and standard deviation were used to rank the various challenges in terms of level of effect .Data was also tabulated and frequency tables used to compare the various factors that affected strategy implementation across the companies studied.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

Descriptive data was collected using questionnaire and was analyzed through use of SSPSS and summarized and presented in terms of tables and frequencies. Mean scores were used to compare outcome with the theory documented in the literature review. All this was done with the objectives of the study in mind. These objectives were to determine the challenges of strategy implementation faced by multinational corporations operating in Nairobi-Kenya and to determine the factors that affected effective strategy implementation in multinational corporations operating in Nairobi –Kenya

4.2 Challenges of strategy implementation

Respondents were asked to rate the level at which the listed challenges affected implementation of their strategies. Each challenge was analyzed in terms of mean scores in order to determine whether the companies under study faced the same kind of challenges documented in the literature review. The results are presented in Table 1 below.

The respondents identified insufficient human resources with requisite skills and competences with a mean score of 3.33 and lack of adequate information with a mean score of 3.52 as major challenges. Respondents also felt that uncontrollable factors in the external environment had adverse impact on the implementation with a mean score of 3.43 was also a major challenges that affected implementation of their strategies. This is consistent with the theoretical framework discussed in the literature that identified availability of adequate information and human resources with the right skills as critical to strategy implementation. Information must flow to the right people at the right time but this is not always the case as attested by Nelson et al (2008) .

Other factors that were identified by respondent as minor challenges includes, information did not flow to key decision makers with a mean score of 3.29 and inadequate physical resources with a mean score of 3.29. Respondents identified Lack of financial resources, poor leadership, resistance from middle and lower level managers to have posed minor challenges to implementation of their challenges.

Table 1: Challenges of strategy implementation

Challenges	Mean score	Std Deviation
Poor leadership	3.04	1.513
Wrong organizational structure	2.81	1.401
Lack of financial resouces	3.00	1.581
Insufficient human resources with requisite skills and competence	3.33	1.560
Inadequate physical resources	3.29	1.384
Major challenges surfaced which had not been identified earlier	3.00	1.183
Lack of timely and adequate information	3.52	1.250
Coordination was not sufficiently effective	3.19	1.327
Uncontrollable factors in external environment had adverse impact on the implementation	3.43	1.121
Information did not flow to key decision makers	3.29	1.347
Key formulators of the strategy did not play an active role in implementation of the strategy	3.14	1.424
There was resistance from the middle and lower level managers	3.05	1.465
Performance management and reward system did not support implementation of the strategy	3.14	1.526

Source: Research data

4.3 Factors affecting effective strategy implementation

Respondents were asked to rate the level at which the listed factors affected effective strategy implementation. Each factor was analyzed in terms of mean scores and standard deviations in order to determine whether the factors documented under the literature review as being important to effective strategy implementation were also important to implementation of the strategies of the companies under study. The results are presented in Table 2 below.

From the results of tabulated in table 2 below, it is clear that the respondents identified planning and control systems with a mean score of 3.76, self control and personal motivations with a mean score of 4.05 and talented management with a mean score 3.91 as major factors that affected effective implementation of their strategies. These factors were identified by the majority of the respondents as having affected effective implementation of their strategies as evidenced by their low standard deviations.

The respondents also identified performance targets with mean score of 3.86, effective leadership of the Chief Executive Officer (CEO) with a mean score of 3.86, financial resources with a mean score of 3.86 as factor that affected effective implementation of their strategies. The respondents felt that direct supervision, reward systems, link of rewards to performance and change of organizational culture were minor factors that affected effective implementation of their strategies.

Table 2: Factors affecting effective strategy implementation

Factor	Mean score	Std Deviation
Direct supervision	3.29	.717
Planning and control systems	3.76	.625
Performance targets	3.86	1.108
Reward systems	3.48	1.250
Self control and personal motivations	4.05	.865
Change of company structure	3.52	1.030
Change of the organizational culture	3.48	.873
Effective leadership of CEO	3.86	1.195
Organizational policies and procedures	3.81	1.078
Talented management team	3.91	.995
Financial resources	3.86	1.108
Link of reward to performance	3.38	1.117
Involvement of all stakeholders in strategy formulation and implementation	3.81	1.123

Source: research data

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CHAPTER FIVE: DISCUSSIONS,SUMMARY AND CONCLUSIONS

5.1 Introduction

This chapter summarizes, discusses the findings of the study and draws conclusions in relation to the statement of the problem and research objectives. It also highlights the limitations of the study, recommendation for further research and finally gives recommendation for policy and practice.

5.2 Summary, Discussions and Conclusions

The first objective of the study was to determine the challenges faced by manufacturing multinational corporations operating in Nairobi-Kenya. The results of the study indicates that lack of human resources with requisite skills and competences, lack of adequate information, impact of uncontrollable factors in the external environment and inadequate physical resources were major challenges they faced while implementing their strategies.

New strategy demands resources either physical or human resources. A firm may find that new strategy requires skills that it does not possess and hence should put in place plans to acquire such skills in order to implement its strategy effectively. Such skills can be acquired through management development and training. It is important for the firm to create a fit between strategy, staff and the skills that are required by the new strategy. For implementation to be successful, the work efforts of all employees need to be directed towards strategy implementation. Manufacturing multinational companies are not exempt to this requirement and should ensure that they have staff with requisite skills and competences at all levels in their organizations.

Organizations operate and are dependent on their environment. To be successful, firms need to be able to anticipate and adapt to changes in their environment. Firms adapt and respond to changes in their environment through formulation and implementation of appropriate strategy. It is not enough to formulate good strategic plans, but these plans need to be implemented effectively in order for the firm to be successful. In strategy implementation firms face a lot of challenges some of which are internal to the firm such as culture and structure while others are posed by the external environment. Rapid changes in the external environment can invalidate the premise on which the strategy was formulated posing major challenge to its implementation. Uncontrollable factors in the external environment were identified as a major challenge that affected implementation of the firms' strategies. We can understand this from the back drop of the post election violence that took place in early 2008 that disrupted businesses in Kenya. Export business to neighbouring countries such as Uganda was also disrupted as a result of disruption in the supply chain. Apart from election violence, companies were also affected by the melt down in the financial systems that began in the United States of America (U.S.A). In the local scene, persistent drought led to an increase in the cost of power while at the same time eroding the purchasing power of consumers. All these factors might have affected the implementation of the strategy in the firms under study.

Adequate information needs to be available to guide implementation. Implementation need to be controlled and corrective action put in place to take care of any deviation from plans. This can not happen effectively without information flowing to the key decision makers during the implementation process. Information overload can occur if key decision makers are fed with a lot of information some of which is may not be relevant. Thus only relevant information should be directed to key decision makers through exception reports. It should also be clarified from the on set who is responsible for what and what information will be given to him in order to aid in effective implementation.

Wrong organizational structure, lack of financial resources, poor leadership and resistance from middle and lower level managers were identified as lesser challenges. This can be attributed to the fact that multinational corporations can use their size and influence to source for cheap funds from the many markets they operate in. Multinational corporations also tend to have strong leadership particularly at the CEO level and this can perhaps explain why poor leadership was not identified as a challenge.

In conclusion, it is clear that manufacturing multinational companies operating in Nairobi-Kenya encountered many of the challenges identified in the literature review. It is important that these challenges are overcome for strategy implementation to be successful. Effective management development programs and training should be put in place in order to have a fit between strategy, skills and staff. Adequate information should be availed to those people who are responsible for strategy implementation.

The second objective of the study was to determine factors that affected effective strategy implementation in manufacturing multinational corporations operating in Nairobi-Kenya. Performance targets were identified as the major factors that affected effective strategy implementation. In order to implement strategy, it has to be "operationalized" that is broken down into actions with shorter time frames in terms projects and programs. This breaking down of strategy into shorter time frames normally set the targets or milestones that need to achieved say on a monthly or annual basis. It is through tracking these performance targets that the firm can establish whether it is on course and if not what corrective measures need to be taken for the implementation to be put back on track.

The study has also indicated leadership of the Chief Executive Officer (CEO) was a major factor that affected effective strategy implementation. The CEO of the company need to be at the forefront of strategy formulation and implementation. He should provide a vision, initiative, motivation and inspiration. This is because effective strategy implementation requires unit of direction and hence the CEO should cultivate a team spirit and act as a catalyst in the whole strategy implementation.

Planning and control systems, talented management teams and financial resources were identified as being critical to effective strategy implementation. Planning and controls system are important in tracking implementation, highlighting deviations and taking of corrective actions. Talented management teams are also vital since they are involved in the whole process and their buy-in is needed for effective implementation. A company can not implement strategy if it does not have enough financial resources to fund the various projects and programs. Hence an assessment should be carried out first of the funds needed to implement the strategy; sources of those funds and also funds should be allocated to projects and programs on a priority basis through revenue and capital budgets

Other factors that were indicated to have affected effective strategy implementation but to a lesser extent include change of organizational culture change, link of rewards to performance, direct supervision, involvement of all stakeholders in both strategy formulation and implementation and organization policies and procedures. All these factors are important in strategy implementation and manufacturing multinational corporations need to take them into account when implementing their strategies.

In conclusion it is clear that factors discussed in the literature as being critical to effective strategy implementation such as leadership of the CEO, availability of adequate resources whether human or physical were also critical to multinational companies operating in Nairobi-Kenya. The strategic leader helps the organization to cope with change. He inspires, provides a vision, need for change as well as urgency for change. On the other hand adequate resources are important in strategy implementation, since finances are required to fund the various projects and programs that are critical to effective strategy implementation. Overall, manufacturing multinationals must take note of the challenges and put in place measures to overcome them.

5.3 Limitation of the study

The study used the Kenya association of manufacturers (KAM) register to determine its population, thus any manufacturing multinational corporation that is not a member of KAM was not included. Some large multinational companies declined to respond to the study citing anti-disclosure policies that requires authorization from their corporate head offices abroad before they can take part in the study.

Also there were situations where the researcher was not able to interview the respondents directly and thus the questionnaire was dropped and picked later. In these situations the respondents could have misunderstood some of the questions and hence gave a response that was not reflective of the reality on the ground. Thus the findings can not be used to generalize to all manufacturing multinational corporations operating in Nairobi-Kenya.

5.4 Recommendation for further research

The study only concentrated on the manufacturing multinational corporations operating in Nairobi-Kenya. It would be important to carry out research on challenges faced by multinational companies operating in Kenya regardless of whether they are in manufacturing or in other industries such as service industry and banking. This way the results can be cross tabulated to gain a far clear perspectives of the challenges they face in implementing their strategies and the factors that affects effective strategy implement.

It would also be useful to carry out research on challenges that local companies face in implementing their strategies. The results can be cross tabulated to understand whether they also face similar challenges and the extent of individual challenge to these companies. It would be important also to understand whether the factors identified as having affected effective strategy implementation by the respondents would carry the same weight or not in the case of local companies.

5.5 Recommendation for policy and practice

The empirical evidence from the study has shown clearly that manufacturing multinational corporations operating in Nairobi-Kenya face the challenge of not having human resources with the right skills and competences. It is recommended here that they should prioritize development of a pool of potential skills through partnership with local universities and technical colleges. Through this partnership, they can actively be involved in development of curriculum in order to ensure that the graduates will have acquired skills and knowledge that is relevant to their industries.

The multinational corporations should also actively take part in sponsoring research projects in universities which sometimes are under-funded and some important research are never undertaken due to lack of funds. It also imperative for multinational corporations to actively be involved in sponsoring bright but needy students through their corporate social responsibility initiatives. The cost of these initiatives should be clearly budgeted in their annual budgets

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APPENDICES

Appendix I: List of Manufacturing Multinationals in Nairobi Kenya

NO.	COMPANY NAME	LINE OF OPERATION
1.	Bayer East Africa Company	Chemical And Allied
2.	Beiersdorf East Africa	Cosmetics
3.	Boc Kenya Limited	Welding Gases & Equipments
4.	Colgate Palmolive (EA)	Soap and Cosmestics
5.	Henkel Kenya Ltd	Soap and Cosmestics
6.	Procter and Gamble East Africa	Soap and Cosmestics
7.	PZ Cussons (EA) Ltd	Soap and Cosmestics
8.	Wrigleys Company (EA)	Food
9.	Reckitt Benckiser (EA)	Soap and Cosmestics
10.	Sara Lee (EA) Ltd	Soap and Cosmestics
11.	Beta Health Care Ltd	Pharmaceuticals
12.	Glaxo Smithline Kenya	Pharmaceuticals
13.	Tetra Pak Ltd	Packaging
14.	British American Tobacco	Tobbaco
15.	Kenya Breweries Ltd	Beverages
16.	Nairobi Bottlers Ltd	Beverages
17.	Nestle Foods Kenya Ltd	Food
18.	Bamburi Cement Ltd	Cement
19.	Unilever Kenya Ltd	Food & Cosmetics
20.	Delmont Kenya Ltd	Beverages
21.	Cadburys Kenya Ltd	Food
22.	Pfizer Laboratories Ltd	Pharmaceuticals
23.	Radbone Clark & Co Ltd	Chemical and Allied
24.	Shell Chemicals Industries Ltd	Chemical and Allied
25.	Hoest East Africa Ltd	Chemical and Allied
26.	Cooper Kenya Ltd	Chemical and Allied
27.	Johnson Diversey (EA) Ltd	Chemical and Allied
28.	Break Fast Cereal Company (K)	Food and Beverage

APPENDIX II : QUESTIONNAIRE

PART A – COMPANY PROFILE

1. COMPANY NAME ________________________________
2. LINE OF OPERATION________________________________
3. NO.EMPLOYEES___________________________________
4. YEARS OF OPERATION IN KENYA_____________________
5. SALES TURNOVER (KSHS.M) _________________________

PART B: STRATEGY IMPLEMENTATION PROCESS

Please answer the following questions by ticking in the box that best describes your level of agreement or disagreement with each statement. (Please circle the number on the right of each statement. 1=Not at all, 2=little extent, 3=moderate extent, 4=great extent, 5=Very great extent.

	Statement	1	2	3	4	5
1.	There has been a change in organizational structure of the company since its inception	☐	☐	☐	☐	☐
2.	The current structure support the implementation of the company strategy	☐	☐	☐	☐	☐
3.	The current organizational culture support implementation of the company strategy.	☐	☐	☐	☐	☐
4.	The company CEO has been in the forefront in providing leadership to ensure strategy implementation.	☐	☐	☐	☐	☐
5.	The company policies and procedures are supportive of the strategy being implemented	☐	☐	☐	☐	☐
6.	the management team has the skills that ensure successful strategy implementation	☐	☐	☐	☐	☐
7.	Enough financial resources required for implementation of the company strategy has been readily available.	☐	☐	☐	☐	☐
8.	The financial resources have been allocated to projects, units and programs on a priority basis depending on their importance to strategy implementation.	☐	☐	☐	☐	☐
9.	The performance management and reward system of					

the company support the implementation of company strategy. 1 2 3 4 5 ☐ ☐ ☐ ☐ ☐

10. The strategy being implemented was communicated effectively to all stakeholders. 1 2 3 4 5 ☐ ☐ ☐ ☐ ☐

11. Middle and lower level managers and supervisory staff were involved in both strategy formulation and its implementation. 1 2 3 4 5 ☐ ☐ ☐ ☐ ☐

PART D: CHALLENGES OF STRATEGY IMPLEMENTATION

1) Many challenges face business organization in their pursuit of implementing their strategies. In your review, how do you rate the level at which those challenges affect implementation of the company strategy. (Please circle the number on the right of each statement. 1=Not at all, 2=little extent, 3=moderate extent, 4=great extent, 5=Very great extent.

	1	2	3	4	5
1. Poor leadership	☐	☐	☐	☐	☐
2. Wrong organizational structure	☐	☐	☐	☐	☐
3. Lack of financial resources	☐	☐	☐	☐	☐
4. Insufficient human resources with requisite skills and competence	☐	☐	☐	☐	☐
5. Inadequate physical resources	☐	☐	☐	☐	☐
6. Major challenges surfaced which had not been Identified earlier	☐	☐	☐	☐	☐
7. Lack of timely and adequate information	☐	☐	☐	☐	☐

8. Coordination was not sufficiently effective 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

9. Uncontrollable factors in the external environment had an adverse impact on the implementation 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

10. Decision rights and information flows was not clearly clarified 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

11. Key formulators of the strategy did not play an active role in the implementation 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

12. There was resistance from Middle and lower level managers 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

13. Performance management and reward system did not support implementation of the strategy 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Any other factor not listed above, please specify below…………………………………………………………………………………

……………………………………………………………………………………………

……………………………………………………………………………………………

PART E: FACTORS IN EFFECTIVE STRATEGY IMPLEMENTATION

1. Use a 5 point scale to rate the extent to which each of the following process has been effectively used in strategy implementation within your organization. 1= No at all, 2=little extent, 3=moderate extent, 4=great extent, 5= very great extent
   (a) Direct supervision 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
   (b) Planning and control systems 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

(c) Performance targets 1 2 3 4 5

☐ ☐ ☐ ☐ ☐

(d) Rewards systems 1 2 3 4 5

☐ ☐ ☐ ☐ ☐

(e) Self control and personal motivations 1 2 3 4 5

☐ ☐ ☐ ☐ ☐

2. Please answer the following questions by circling the number that best describes the extent to which each of the stated organizational factors has contributed to effective strategy implementation 1= Not at all and 5=very great extent

	1	2	3	4	5
Change of company structure	☐	☐	☐	☐	☐
Change of organizational culture	☐	☐	☐	☐	☐
Effective leadership of CEO	☐	☐	☐	☐	☐
Organizational policies and procedures	☐	☐	☐	☐	☐
Talented management team	☐	☐	☐	☐	☐
Financial resources	☐	☐	☐	☐	☐
Link of reward to performance	☐	☐	☐	☐	☐

Involvement of all stakeholders in strategy	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Formulation and implementation	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐

Any other factor not listed above, please specify

below……………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

Appendix III: Introduction Letter

Dear respondent,

RE: MBA RESEARCH PROJECT

I am s post graduate student at the university of Nairobi doing a research as part of the requirements for the degree of masters of business administration (MBA).

The research project aims at studying the challenges of strategy implementation at manufacturing multinationals operating in Nairobi, Kenya.

The information collected will be used only for academic purposes and will be treated confidentially. Your name or the name of your company will not be mentioned in the report. Where possible a copy of the research project will be availed to you on request.

Your assistance and cooperation will be highly appreciated.

Peter Bari
MBA Student

Appendix IV: Frequency Table for Challenges of Strategy Implementation

CHALLANGE	Not at all	Little extent	Moderate extent	Great extent	Very great extent	Total
Poor leadership	4	5	2	5	5	21
Wrong organization structure	6	2	6	5	2	21
Lack of financial resources	7	2	3	4	5	21
Insufficient human resources with Requisite skill and competences	4	2	3	7	5	21
Inadequate physical resources	4	3	4	5	5	21
Major challenges surfaced which had not been identified earlier	2	3	9	5	2	21
Lack of timely and adequate information	2	3	5	5	6	21
Coordination was not sufficiently effective	2	5	2	9	3	21
Uncontrollable factors in the external environment had an adverse impact on the implementation	1	3	8	5	4	21
Information did not flow to key decision makers	2	6	3	5	5	21
Key formulators of the strategy did not play an active role in the strategy implementation	5	3	4	5	4	21
There was resistance from middle and lower level managers	4	7	2	3	5	21
Performance management and reward system did not support implementation of the strategy	4	5	1	6	5	21

Source: Research Data

Appendix V: Frequency Table for Factors Affecting Effective Strategy Implementation

Factor	Not at all	Little extent	Moderate extent	Great extent	Very great extent	Total
Direct supervision	0	2	8	11	0	21
Planning and control systems	0	0	6	13	2	21
Performance targets	1	1	3	10	6	21
Reward systems	1	1	8	6	5	21
Self control and personal motivation	0	0	7	7	7	21
Change of company structure	2	1	7	9	2	21
Change of organization culture	1	1	11	6	2	21
Leadership of the CEO	1	2	2	10	6	21
Organization policies and procedures	1	1	6	8	5	21
Management team	1	1	4	10	5	21
Financial resources	1	2	3	9	6	21
Link of reward to performance	1	4	6	8	2	21
Involvement of all stakeholders in strategy formulation and implementation	1	3	4	8	5	21

Source: Research Data

Appendix VI: Sales in Billions Kenya Shillings

Sales (Kshs)	Frequency	Percentage
3 Billions and below	16	76.2
4 billions to 7 billions	3	14.3
8 billions and above	2	9.5
Total	21	100

Source: Research Data

Frequency Table for Number of Employees

Employees	Frequency	Percentage
less than I00 employees	6	28.6
101 to 200 employees	6	28.6
201 to 300 employees	4	19.0
301 to 400 employees	1	4.8
more than 400 employees	4	19.0
Total	21	100.0

Source: Research Data