

**STRATEGY IMPLEMENTATION  
AMONG MOTOR VEHICLE  
FRANCHISE HOLDERS IN NAIROBI**

**BY**

**NYIKA AURELIA MWIKALI**

**UNIVERSITY OF NAIROBI  
KISumu KARETE LIBRARY**

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILLMENT FOR THE REQUIREMENTS OF THE DEGREE OF  
MASTERS IN BUSINESS ADMINISTRATION (MBA), SCHOOL OF  
BUSINESS, UNIVERSITY OF NAIROBI**

**SEPTEMBER 2007**

University of Nairobi Library



0500399 1

## DECLARATION

This management research project is my original work and has not been submitted for examination purpose in any university, college or institution of higher learning.

Signed..........Date.....25/10/07.....

NYIKA AURELIA MWIKALI

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

Signature..........Date.....25/10/07.....

Stephen N.M. Nzuve

Senior Lecturer

Department of Business Administration

University of Nairobi

## **DEDICATION**

This research work is dedicated to:

My dear Parents Paul and Agnes who encouraged me right from an early age to get education up to the highest level

To my beloved Family;

My dearest husband Ignatius and My lovely son Peter who have always been a source of strength and inspiration to my life

## **ACKNOWLEDGEMENTS**

This study has been accomplished through the encouragement, support and various contributions from a number of people to whom am greatly indebted.

First I wish to extend my earnest gratitude to my supervisor, Mr. Stephen Nzube for his constant support and guidance, positive criticism and availability whenever I needed his assistance. Thank you very much for your time, I enjoyed being your student.

My most sincere and heartfelt gratitude to my beloved husband Ignatius for his love, support, encouragement and dedication to my well being during the whole period of my studies. My son Peter for his patience when I stayed away late in the night and weekends when I should have been with him.

To my parents for the love of education and blessings throughout my life.

I would also not forget to thank my friends and my classmates MBA 2004, especially Wanjohi, Beatrice, Sarah, Godrick, Mwangi and the rest of the class for the support and tolerance throughout the entire MBA program.

Thanks to all those in one way or another made a contribution to my life during this period.

Above all am grateful to the almighty God who has always been guiding me.

## TABLE OF CONTENTS

<b>DECLARATION</b> .....	i
<b>DEDICATION</b> .....	ii
<b>ACKNOWLEDGEMENT</b> .....	iii
<b>TABLE OF CONTENTS</b> .....	iv
<b>LIST OF TABLES</b> .....	v
<b>CHAPTER 1</b> .....	1
<b>INTRODUCTION</b> .....	1
1.1 Background .....	1
1.1.1: The concept of strategy implementation .....	2
1.1.2 Components of Strategy implementation .....	4
a) Structure of the organization .....	4
b) Resource Planning .....	5
c) Managing strategic change .....	5
d) Leadership .....	5
1.1.3 Motor vehicle industry in Kenya .....	6
1.2 Statement of Research Problem .....	10
1.3 Research Objectives .....	12
1.4 Importance of the Study .....	12
<b>CHAPTER 2</b> .....	14
<b>LITERATURE REVIEW</b> .....	14
2.1 Introduction .....	14
2.2 The concept of strategy .....	14
2.3 Evolution of strategic management .....	16
2.4 The Strategic Management Process .....	18
2.5 Critical success factors in implementing a strategy .....	21
2.5.1 Structure .....	21
2.5.2 Resource planning .....	22
2.5.3 Leadership .....	23
2.5.4 Culture, Politics and Communication .....	24
2.5.5 Policies, Support and Reward systems .....	25
2.5 Challenges to strategy implementation .....	27
2.6 Franchising .....	28
2.6.1 Types of Franchising .....	30
<b>CHAPTER 3</b> .....	31
<b>RESEARCH METHODOLOGY</b> .....	31
3.1 Introduction .....	33
3.2 Research Design .....	33
3.3 Population .....	33
3.4 Data collection .....	34
3.5 Data Analysis .....	34
<b>CHAPTER 4</b> .....	36
<b>RESEARCH FINDINGS</b> .....	36
4.1 Introduction .....	36

4.2 Profile of motor vehicle franchise holders studied .....	36
4.3 Approach to strategy .....	37
4.4 Strategy Implementation .....	40
4.4.1 Components of strategy implementation .....	41
4.5 Challenges to strategy implementation .....	45
<b>CHAPTER 5</b> .....	<b>48</b>
<b>SUMMARY AND CONCLUSION</b> .....	<b>48</b>
5.1 Introduction .....	48
5.1.1 Practice of strategic management .....	48
5.1.2 Strategy Implementation components .....	49
5.1.3 Challenges encountered while implementing a strategy .....	50
5.2 Recommendation for policy and practice .....	51
5.3 Limitations of the study .....	52
5.4 Suggestions for further research .....	52
<b>6.0 REFERENCES</b> .....	<b>53</b>
<b>APPENDIX 1</b> .....	<b>II</b>
LETTER OF INTRODUCTION TO RESPONDENTS .....	II
<b>APPENDIX 2</b> .....	<b>III</b>
LIST OF FRANCHISE HOLDERS IN NAIROBI .....	III
<b>APPENDIX 3</b> .....	<b>IV</b>
QUESTIONNAIRE .....	IV
PART A: STRATEGY .....	IV
PART B: STRATEGY IMPLEMENTATION .....	VI
PART C: CHALLENGES OF STRATEGY IMPLEMENTATION .....	VIII

## LIST OF TABLES

Table 1: Position regarding a mission or vision.....	37
Table 2: No of firms having strategic plans .....	37
Table 3: Strategy formulators.....	38
Table 4: Number of firms having policies .....	38
Table 5: Use of strategic plans in activity execution.....	39
Table 6: Strategy implementation processes.....	40
Table 7: Organizational factor contribution to strategy implementation.....	41
Table 8: Culture influence on strategy execution.....	42
Table 9: Building high performance spirit into culture .....	43
Table 10: Environmental factor impact on strategy implementation .....	44
Table 11: Challenges of strategy implementation .....	45
Table 12: Organization determination in strategy implementation .....	47

## **ABSTRACT**

For a strategy to be considered successful it has to be implemented fully and therefore strategy implementation is a very important aspect of the strategic management process. The motor vehicle industry is a very useful sector in the economy as noted by its contribution to the economic development through generating revenue from licensing and creation of employment.

The study was focusing on strategy implementation among the motor vehicle franchise holders in Nairobi. It sought to investigate the applicability of components of strategy implementation and the challenges encountered in the process of implementing the strategies. In undertaking the study, the 18 motor vehicle franchise holders in Nairobi were considered. Data collection was done by use of questionnaires reinforced by interviews.

Research findings revealed that motor vehicle franchise holders in Nairobi practiced strategic management by having a mission, strategic plans and policies. The challenges of implementing the strategies were also noted as being poor leadership, lack of sufficient resources and unanticipated problems, which were seen to arise in the process of implementing the strategies.

Arising from the research findings, it was recommended that the management of motor vehicle franchise holders in Nairobi should continue to embrace strategic plans in their organizations and to execute the plans fully by investing in monitoring the environmental conditions and putting control measures on the same.



# CHAPTER 1 INTRODUCTION

## 1.1 Background

Before an organization decides to implement a strategy, management needs to do a strategic analysis, which involves understanding the strategic position of the organization in terms of its external environment, internal resources, competencies, and the expectations and influence of stakeholders. An understanding of the influence of environment, the competencies of the organization and the influence of the stakeholders and culture provides a basis for strategic choice. Strategic choice involves understanding the underlying bases guiding future strategy, generating strategic options for evaluating and selecting from among them.

The Automotive industry in Kenya is primarily involved in the retail and distribution of motor vehicles. There are a number of motor vehicle dealers operating in the country, with the most established being Toyota (East Africa), Cooper Motor Corporation, General Motors, Simba Colt and DT Dobie. There are also three vehicle assembly plants in the country, which concentrate on the assembly of pick-ups and heavy commercial vehicles.

The established dealers face intense competition from imported second-hand vehicles, mainly from Japan and United Arab Emirates. These imports now account for about

70% of the market. The last decade witnessed a significant decline in the number of new vehicles sold in the country. There has been a steady recovery in the last four years, but the numbers achieved still fall far short of the numbers recorded a decade ago. In 2004, the leading motor vehicle companies recorded sales of 9,979 units. Although 27% better than the previous year, this is still well below the levels achieved in the early 1990's (Omondi: 2001:7).

The slump in the volume of new cars sold is attributable to the increased competition from second hand vehicles and the depressed economic environment.

### **1.1.1: The concept of strategy implementation**

Strategy implementation is concerned with both planning how the choices of strategy will be put into effect and managing the changes required. This process is fraught with complexity and challenges and many organizations create great plans for the future, but fail to implement the desired changes (Muthuiya, 2004:7) Strategy implementation is fundamentally an action-oriented make-it -happen activity; Organizing, budgeting, policy making, motivating, culture building and leading are considered as part of achieving the targeted results (Thompson and Strickland, 1996:23) All managers are involved in strategy making and implementing process.

Strategy implementation can be viewed as the full range of managerial activities associated with putting the chosen strategy into place, supervising its pursuit and achieving the targeted results. Strategy implementation is the sum total of the activities and choices required for the execution of a strategic plan (Hunger and Wheelon 1995:45). It is a process by which strategies and policies are put into action through the development of programs, budgets and procedures. Although implementation is usually considered after strategy has been formulated implementation is a key part of strategic management.

Thompson and Strickland (2003:34), explain their understanding of strategy implementation in two words i.e. Implementation and Execution, where implementation concerns the managerial exercise of putting a freshly chosen strategy to place. On the other hand strategy execution as the managerial exercise of supervising the ongoing pursuit of strategy, making it work, improving the competence with which it is executed and showing measurable progress in achieving the targeted results.

For a chosen strategy to be considered effective it must be implemented, the prospects for effective implementation are clearly dependent upon the appropriateness, feasibility and desirability of the strategy (Thompson, 1993:610-619)

Koske (2003:26) argues that effective strategy implementation results in when the organization, resources and actions are tied to strategic priorities and when key success factors are identified in addition to alignment of performance measures and reporting.

Successful implementation of strategy depends on the extent to which these various components are effectively integrated to provide in themselves competencies which other organizations find it difficult to match.

### **1.1.2 Components of Strategy implementation**

The components of strategy implementation are:-

- a) Structure of the organization
- b) Resource Planning
- c) Managing strategic change
- d) Leadership

#### **a) Structure of the organization**

The structure of the organization is very important and it should be designed to enable the implementation of the strategy. The resources are also managed within the framework provided by the structure. Results are also measured and control mechanisms are used to establish whether there is need to change through the structure of the organization. Transmission of information and decision-making depends mostly on the structure of the organization. Therefore the structure can either facilitate or inhibit strategy formulation and implementation

Organizations need to answer the following questions that act as a guide in selecting the best structure:

- a) Who will carry out the strategic plan?
- b) What must be done?
- c) How are they going to do what is needed?

#### **b) Resource Planning**

This component is concerned with allocation and control of the resources; it's basically the logistics of implementation. An organization needs to know the key tasks to be carried out, what changes need to be made in the resource mix of the organization and whether there is need for a new workforce or they need to retrain the existing

#### **c) Managing strategic change**

Managers are responsible for this and the mechanisms they use include:

Organizational re-design, day-to-day routines, cultural aspects of organizations and overcoming political blockages to change.

#### **d) Leadership**

A leader is one who is able to influence the attitudes and opinions of others (Lloyd and Byars, 1995:32) Leadership are a critical element in strategy implementation. There is need to have a leader in the organization to facilitate the

implementation process by motivating the workers to work towards achieving the objectives of the strategy.

### **1.1.3 Motor vehicle industry in Kenya**

Kenya's motor vehicle industry is very important to the economy due to its crucial role in transportation and contribution of revenue to the central government and provision of employment.

This industry is composed of:

- a) Assemblers
- b) Franchise holders
- c) Local and foreign components (parts) suppliers
- d) The informal sector (service and repair)

Omondi (2001:12) noted that Kenya's national vehicle market is less than 600,000 vehicles in total. The country has three vehicle assembly plants with investment from Toyota, Mitsubishi, Peugeot, Isuzu, Land rover, and others

With the liberalization of the Kenyan economy coupled with the depressed economic environment leading to a decline in the disposable incomes of the Kenyan masses, second hand car traders dealing in cheap second hand imports have entered into the Kenyan motor market at an alarming rate. The totally unregulated importation of second hand vehicles has tilted the playing field against local assemblers, causing layoffs and loss of revenue for the government. New vehicle

imports, including completely knocked down kits (CKD), totaled 10,000 units in Kenya in 2005, while 30,000 second hand cars were imported during the same period. Ten years ago, there were less than 1,000 second hand cars and 25,000 new vehicle imports

Thatiah (2007:12) observes that the formal motor sector has always advocated for a stringent imposition of duty on second hand spare parts to save their industry. The government heard their cries and answered by imposing a hefty 20% import duty on the spare parts in this year's Budget. Industry players are unanimous that the recommendation was a valid point. Industry players are unanimous that the recommendation was a valid point. However, as it is turning out just two weeks after the grand pronouncement by the Finance minister, the move risks meaning absolutely nothing. Mr. Gavin Bennett, Director of the Kenya Motor Industry Association and ad hoc adviser of the Kenya Bureau of Standards Auto Technical Committee, says the shiploads of scrap arriving every day in Kenya is a significant factor in our road accident statistics. The veteran motorist says the policymakers have a strenuous job in trying to reduce the danger of sub-standard or defective parts. Right now, he says, it is easy to import mountains of bent, worn and rusty metal but a largely meaningless tax may not be the best method of curbing the practice.

Moreover, if the Government's view is long-term and not just for the purposes of budgetary funding, then multiple and complimentary strategies have to be employed to boost the new car sector of the economy. Instructively, these strategies are not in place yet. Bennett bemoans that it is much more difficult to establish the age of a used car part, which are often imported as a mixed bag of many thousands of random components in a container, than a car itself.

The principle of depreciated current retail selling price still holds true. "The rational solution on parts would be to allow only two age levels - new and not new - and to allow only modest depreciation on the 'not new' ones (whether they are in good condition or ancient scrap). If that was legislated, and properly enforced, duty and tax deterrents would be applied to substantive values, and it would be unviable to import parts that were not of good quality and relatively high market value," he says. "For proper enforcement, apart from disciplined integrity and accountability, it would be necessary to insist that there is separate documentation and internal packaging for each type of component.



Most motor vehicle companies operating in Kenya are franchise holders, due to the realities of a changing environment, these franchise holders should operate efficiently and effectively in order to survive. The demands of liberalization and increased competition have meant that the franchise holders should make deliberate efforts to put in place measures that would give them an edge over competitors (Shikanga, 2006:5)

## **1.2 Statement of Research Problem**

Motor vehicle Franchise holders comprise an industry that is very critical in Kenya's national development initiative. It offers employment opportunities to a large proportion of the countries population. The economic survey (2006) indicates that expansion in GDP was mainly underpinned by agriculture, Transport and communication and wholesale and retail trade sectors. The Motor vehicle industry lies in the transport and communication sector and it's seen to have grown with the highest percentage among the three sectors, i.e. by 8.3% as compared to agriculture 6.7% and Whole sale and retail 6.5%.

Besides, this sector provides some technical service that has served to improve the quality of life of Kenyans. Absence of motor vehicle franchise holders will certainly impact negatively on the country's economy. Efficient delivery of services, the zeal towards increased profitability, attainment of competitive advantage against business rivals and the ability to operate in a cost effective manner has therefore become a concern of the leaders of the various motor vehicle franchise enterprises countrywide.

The realities of the changing environment demands that, the motor vehicle franchise holders should operate efficiently and effectively in order to survive. The demands of liberalization

and increased competition have meant that the franchise holders should make a deliberate effort to put in place strategic measures that would give them an edge over the competitors. The managers of these organizations are now required to possess the capability to adapt and restructure as a key component to the overall success of the organization.

The challenge posed on top leaders of motor vehicle franchise holders is enormous. This is because corporate level decisions made by these companies represent a fulcrum upon which all latter activities are hinged. If something goes wrong at the strategy formulation and choice, it will mean that the strategy implementation will fail. Moreover, for a strategy to be considered effective it must be implemented successfully and therefore implementation is very crucial.

Various researchers have provided a valuable insight into the general area of strategy implementation .In the Kenyan context, these studies include those done by Muthuiya (2004); Ngunjiri (2006); Michael (2004); Waruhiu(2004); Ngumo(2006). A study by Busolo (2004) on corporate strategic planning among franchise holders in the motor vehicle industry mostly focused on corporate strategic planning .Findings from this previous study may not be relevant to strategy implementation in the same industry. This study therefore intends to fill the gap. In considering the above it comes out clearly that strategy

implementation is one phenomenon which needs to be given closer attention in addressing factors present in the changing environment. In this regard one may wish to establish whether the strategies chosen by the franchise holders are being implemented appropriately and the challenges they are facing in implementing the strategies.

This study will focus on addressing these concerns with specific reference to motor vehicle franchise holders operating in Nairobi.

### **1.3 Research Objectives**

The objectives of this study are:

- a) To establish to what extent motor vehicle franchise holders in Nairobi are applying the components of strategy implementation
- b) To identify the challenges encountered by motor vehicle franchise holders in the process of implementing the strategies.

### **1.4 Importance of the Study**

The study is expected to be of significance in the following ways:

- a) The owners and managers in the motor vehicle franchise holding industry will get an insight into how best they can be able to maximize their resources in the process of

strategy implementation by putting in place the recommendations from the study.

- b) Potential investors in this industry will get useful information on the challenges faced in this industry and critical success factors in strategy implementation.
- c) The scholars and researchers will benefit through the study contributing to the body of knowledge and stimulating further research in this area.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The study examined various issues on strategy implementation. To begin with the concept of strategy was discussed, evolution of strategic management was also mentioned. The strategy implementation phase was discussed in detail, highlighting the important factors to consider while implementing the strategy and the challenges faced in the strategy implementation process. Franchising was looked at and the various types of franchising were also discussed.

#### **2.2 The concept of strategy**

Webb (1989:2-5) states that there is a scope for confusion over what a strategy is and what it covers. He goes on to define it as the process of deciding a future course for a business and so organizing and steering that business as to attempt to bring about that future course. Typically, strategy will involve thinking far ahead, but this need not necessarily be the case. Strategy frequently involves certain distinct aspects of coordinating and running a business. Although such matters are not strictly part of a strategy, it is misleading to consider commercial, strategic issues in complete isolation while mission statements, goals resource allocation, plans, tactics, reviews and all the rest, need not necessarily be part of a strategy, normally most of them will be. He argues that due to

the confusion of what a strategy is and the pitfalls have been recognized thus a more stable picture has emerged and its time for a reappraisal of strategy.

An excellent strategy is the only means by which a company can survive and flourish in its environment. This strategy results in a statement of strategic objectives that are to be achieved and the actions required in attaining each of the objectives. It should evolve or result from a planning effort that has been accomplished as specified (Karger 1991:35)

Strategy consists of various elements each having a somewhat different degree of importance. For example, if one or more external environmental factors present significant or major dangers to an organization, a way should be found or devised to neutralize or overcome them before proceeding to develop other strategic objectives. One should do the most important things first in the planning effort. According to Byars (1991:25), strategy is the determination and evaluation of alternatives available to an organization in achieving its objective and mission and the selection of the alternatives to be pursued.

Strategies exist at different levels in an organization, they are classified according to the scope of what they are intended to accomplish. Thompson and Strickland (1996:42) describe

strategy as the pattern of actions managers employ to achieve organizational objectives, a company's actual strategy is partly planned and partly reactive to changing circumstances. The term strategy has come to be used in management circles and can be defined as the pattern of moves and approaches devised by management to produce successful organizational performance. In simpler terms, strategy is the managerial game plan (Thompson, 1989:27)

Comerford and Callaghan (1985:108) define strategy as a set of goals and their action plans for a particular organizational level. A good strategy must also result in the company's improvement in profitability and financial strength and an improvement in its competitive strength and market position (Ngumo, 2006:18-21)

### **2.3 Evolution of strategic management**

As has been noted by Web (1989:11-13), over the past decades, the nature of strategic management as a management technique has changed in two important ways with the changing environment. It has increased in its level of detail and in its importance as the complexity of the environment has increased. Between World War 2 and the early 1960s, business policy addressed the problem of coordinating the operations of the various functional departments of the firm. Policies were established by the top



management to integrate activities that each department was to carry out. Strategy was seldom analyzed, once it was decided on by top management and rarely changed.

Most firms were single-line businesses, business policy making was conducted at large and this is what is known today as the business level. The Rapid rise during the 1950s and the early 1960s in the number of interest groups making demands on organizations of all kinds, along with the proliferation of mergers and acquisitions, began to strain the applicability of the relatively simple business policy approach to management. Thus a different set of policies was needed for each subsidiary and managers sought a common thread that might bind them together. In response to this growth in the dimensions of firms' environments and the firm, strategy increasingly became interpreted as the link between an organization and its environment.

The business policy model underwent several evolutionary changes and emerged as what was later called strategic planning. Strategic planning had four shortcomings:

- a) It did not clearly differentiate between corporate level and business level strategy
- b) It was unclear about the relationship between strategy and the operation of the various functional areas of business

- c) The role of general management was not clear
- d) There was a disagreement about whether strategy included both goals and action plans or just action plans.

Strategic management paradigm, although still in its infancy is the third step in the evolution of thought about strategy and it addressed the shortcomings of strategic planning.

## **2.4 The Strategic Management Process**

Thompson and Strickland (2003:97), explain their understanding of strategy implementation in two words i.e. Implementation and Execution, where implementation concerns the managerial exercise of putting a freshly chosen strategy to place. On the other hand strategy execution as the managerial exercise of supervising the ongoing pursuit of strategy, making it work, improving the competence with which it is executed and showing measurable progress in achieving the targeted results.

Strategy implementation is the sum total of the activities and choices required for the execution of a strategic plan (Hunger and Wheelon (1995:220-225). It is a process by which strategies and policies are put into action through the development of programs, budgets and procedures. Although implementation is usually considered after strategy has been

formulated implementation is a key part of strategic management.

Thompson (1993:83) notes that strategic management is a process by which an organization establishes objectives, formulates actions designed to achieve these objectives in the desired timescale, implements the actions and assesses progress and results. Comerford and Callaghan (1985:12) incorporate the environment aspect and define strategic management as a way of running an organization that recognizes the complexity of its environment. It is a process by which the manager can transform environmental factors, along with various internal, personal and political considerations, into decisions that result in strategies to help guide the organization into the future.

Strategic management is a process concerned with determining the future direction of an organization and implementing decisions aimed at achieving organizations long and short-term objectives. The strategic management process consists of seven major interrelated sub processes:

- a) Assessment of organizational strengths, weaknesses, opportunities and threats.
- b) Formulation of the organization mission
- c) Formulation of the organizational philosophies and policies
- d) Determination of the strategic objectives.

- e) Determination of the organizations strategy
- f) Implementation of the organizations strategy
- g) Control of the organizations strategy

This sub processes are conceptually carried out in a sequence. However in actual practice, the entire strategic management process is dynamic and interactive by nature (Boseman and Phatak, 1989:26-30)

Moreover, Bowman and Asch (1987:36) define strategic management as the process of making and implementing strategic decisions, or put another way, strategic management is about the process of change. They go on to say that strategy describes a thought-out plan of action, a consciously formulated, broadly defined policy for achieving an objective.

Strategic management is the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. In addition, it is a three-tier process involving corporate, business and functional -level planners and support personnel. At each progressively lower level, strategic activities are more specific, narrow, and short-term and action oriented, with lower risks but fewer opportunities for dramatic impact. Pearce and Robinson (1997:72)

On the other hand, Hunger and Wheelen, (1995:62) define strategic management as the set of managerial decisions and actions that determines the long run performance of a corporation. It includes environmental scanning, strategy formulation, strategy implementation, evaluation and control. The internal and external variables that are most important to the corporation's future are called strategic factors and are identified through SWOT analysis.

## **2.5 Critical success factors in implementing a strategy**

### **2.5.1 Structure**

An organization structure defines lines of authority and communication and specifies the mechanisms by which organizational tasks and programs are accomplished. Ngumo (2006:19) notes that strategy must drive structure. Organisational structures should be designed against a set of criteria that will ensure strategic alignment. These include; compatibility with the firms' competitive advantage, consistency with the two or three core processes that facilitate workflow and that support the strategy.

Changes in strategy often require changes in the way an organization is structured. Organisations can be captured by their structures and systems (Johnson and Scholes,2002:46) this is because structure dictates how policies and objectives are established. Changes in

structure should not be expected to make a bad strategy good, or make a bad product sell (Chandler, 1962:59)

Kariuki (2004:18) pointed out that, organizations implement their strategies through their organizations structures. He found out that the positioning of the function in the organization structure is equally important as it sets more focus on key functions whose performance is critical to the success of the business strategy and institutionalizes the decision making of the heads of these functions.

Matching organization structure to strategy requires that a customized structure be put in place. This is because each strategy is grounded in its own key success factors and value chain activities and each firm's organizational chart reflects past organizational patterns, executive judgments on reporting relationships, assigning responsibilities and varying internal circumstances unique to that organization.

### **2.5.2 Resource planning**

Muthuiya (2004:11) observed that, it should be possible to implement strategies with the resources available and it is not possible to implement a strategy which requires more resources than can be made available. This shows that for a strategy to be implemented well, an organization needs to ask itself the following questions:

- a) What are the key tasks needed to be carried out?
- b) What changes need to be made in the resource mix of the organization?
- c) Is there need for a new workforce or we need to retrain the existing workforce?

Organizations have at least four types of resources that can be used to achieve desired objectives namely: Financial resources, Physical resources, Human resources and technological resources (David, 2003:39). Okumu (2003:23) defines resource allocation as the process of ensuring that all necessary time, financial resources, skills and knowledge are made available. He goes on further to say that key issues to be considered in resource allocation include:

- a) The procedures of securing and allocating financial resources for the new strategy
- b) Information and knowledge requirements for the process of implementing a new strategy
- c) The time available to complete the implementation process
- d) Political and cultural issues within the company and their impact on resource allocation.

### **2.5.3 Leadership**

According to Koske (2003:22) leadership is considered to be one of the most important elements affecting organizational performance. The leadership of the organization should be at the forefront in providing vision, initiative, motivation and

inspiration. The management should cultivate team spirit and act as a catalyst in the whole strategy implementation process. As much as possible, the leadership of the organization should fill relevant positions with qualified people committed to the change efforts (Bryson, 1995)

Pearce and Robinson (1997:118) state that the leadership challenge is to galvanize commitment among people within an organization as well as stakeholders outside the organization to embrace change and implement strategies intended to position the organization to do so. Leaders galvanize commitment to embrace change through three interrelated activities:

- a) Clarifying strategic intent
- b) Building an organization
- c) Shaping organizational culture

The role of appropriate leadership in strategic success is highly significant .It has been observed that leadership plays a critical role in the success and failure of an enterprise (Kazmi, 2002:34)

#### **2.5.4 Culture, Politics and Communication**

Thompson and Strickland (1989:82) argued that it is the strategy implementers' task to bring the corporate culture into alignment with the strategy and keep it there once a strategy is chosen.Organisational culture refers to the set of important assumptions (often unstated)that members of an organization



share in common(Pearce and Robinson,2002).A major role of leadership within an organization is to create an appropriate strategy-culture fit(Kazmi,2002:38).Aosa (1992:50) noted that it is important that the culture of a company be compatible with the strategy being implemented. Culture can be a strength or weakness. As strength culture can facilitate communication, decision-making and control, and it can create cooperation and commitment. As a weakness culture may obstruct the smooth implementation of strategy by creating resistance to change (Pearce and Robinson, 1988)

Communication is pervasive in every aspect of strategy implementation and it is related in a complex way to organizing processes, organizational context and implementation objectives, which in turn, have an impact on the implementation process (Michael, 2004:32) However, Peng and Littlejohn (2001:45) argue that effective communication is a primary requirement of effective implementation but it doesn't guarantee the effectiveness of implementation.

#### **2.5.5 Policies, Support and Reward systems**

Policy refers to specific guidelines, methods, procedures, rules, forms and administrative practices established to support and encourage work towards stated goals (David, 1997:57)

According to Pearce and Robinson (1994:107) policies are broad, precedent –setting decisions that guide or substitute for

repetitive managerial decision-making and therefore are directives designed to guide the thinking decisions and actions of managers and their subordinates in implementing a firms strategy.

Policies provide the basis for management control, enabling coordination across the various organization units while minimizing on the time spent on decision making by managers. In any organization, policies are necessary if a strategy has to work. They aid in solving day-to-day problems that are repetitive in nature in addition to offering guidance in strategy implementation (Michael, 2004:21)

Johnson and Scholes (2002:58), points out that all organizational units and individuals need to be fully committed to strategy execution and the achievement of performance targets. Managers can ensure such commitment by motivating people and rewarding them for good performance. Options that managers can use include: Giving people an opportunity to be part of something exciting, greater personal satisfaction, giving ambitious performance targets, giving praise, recognition, constructive criticism, increased or decreased job control, more or less responsibility among other options. Whatever the option, these motivational techniques and rewards must be used creatively and also be

linked closely to the factors and targets necessary for good strategy execution.

Thompson and Strickland (1998: 230), suggest that well conceived state-of-the-art support systems facilitate better execution of strategy as well as strengthening the organizational capabilities enough to provide competitive edge over rivals. For instance, a company striving to be low-cost provider will require systems that exploit opportunities to drive costs out of business. On the other hand, fast growing firms require employee-recruiting systems to attract and hire qualified staff in large numbers. Installing implementation support requires in large instituting formal reporting of strategic information.

## **2.5 Challenges to strategy implementation**

Alexander (1985: 91- 97) identifies inadequate planning and communication as two major obstacles to successful implementation of strategies. Others are ineffective coordination of implementing activities, insufficient capabilities of employees, inadequate training given to lower level employees, lack of clear responsibility being fixed for implementation, lack of support from other levels of management.

Studies by Okumu (2003:32) found that the main barriers to the implementation of strategies include lack of coordination and support from other levels of management and resistance from lower levels and lack of poor planning activities.

## **2.6 Franchising**

According to Spencer (1994:129-130) franchising is an agreement whereby one firm (the franchisor) grants another (the franchisee) the right to sell its products or service and to use its name, logo, trade secrets and business identity, in an exclusive area. The franchiser may also provide training, operating systems and manuals as well as marketing and technical advice. In return the franchisee supplies the capital investment to setup the operational and usually market knowledge. Franchising differs from licensing in that the franchiser retains a degree of control over the operation. It is therefore common in the service sector, as the control ensures consistent quality.

Franchising is incomplete licensing, Alabaum (1988:283) explains that In licensing, the licensor allows a foreign, company to manufacture a complete product where as in franchise agreement the franchiser usually supplies an important ingredient (part, material, etc) for the finished good

e.g. Coca-Cola has a worldwide network of franchised bottlers and supplies them with the syrup, needed to produce its product. Some retail fast foods e.g. McDonalds, Golden arches are to be found throughout the world. Franchising will be combined with a joint venture, which in a wider sense is any form of association that implies collaboration or cooperation for more than a very transitory period. Companies from two different countries one being local form a new company to manufacture or produce products.

Giligan (1989:119) explains the various approaches to foreign manufacturing strategies which exist, they include; assembly operations, contract manufacturing, licensing agreements, joint ventures and total ownership of foreign production facilities. Franchising internationally is recognized as a form of licensing. American multinationals are most active in it; by 1985 they had established 26,500 franchises in other countries. The sectors where rapid growth has been achieved are soft drinks Coca-Cola and Pepsi cola, fast foods McDonald's and Kentucky fried chicken and lastly Car rentals Avis and Hertz.

Franchising is a special form of licensing in which the franchiser makes a total marketing program available, including the brand name, logo, products and method of operation. Usually the franchise agreement is more

comprehensive than a regular licensing agreement in as much as the total operation of the franchise is prescribed (Jeannette, 1992:299)

Paliwoda (1993:150) sees franchising as a marketing –oriented method of selling a business service, often to small independent investors with working capital but little or no prior business experience. Yet it's almost like an umbrella term which is used to mean anything from the right to use a name to the total business concept.

### **2.6.1 Types of Franchising**

Tristan (2007) noted that Investing in a franchise is proven to be an effective business venture. If well studied and carefully laid out, franchising should carry a success rate of about ninety percent to the investor or franchisee. The types of franchising include:

**a)Retail** :This mainly involves 'walk-in' customers where a product or service is offered. Examples of this include the food industry or the fashion industry. With a retail franchise, the need for a good location is important (usually in the mall). Business is only operational during retail hours, about 9 AM to 7 PM. Store employees are employed to provide service to the public and the franchisee generally has to manage and work the same hours as when business is open.

**b)Management** :With this type, a group of skilled employees are also hired to serve the public or deliver what is offered. The

site however may be in an office, and not necessarily located in a mall. The product or service rendered involves operation and businesses that have to be managed from region to region or in several depots. Examples of this are parcel delivery or rent-a-car service.

**c) Single Operator** The concept for this franchise may mean that initially, only the franchisee is the lone person working to market the business but he can eventually hire a few staffers if the business is progressing. It mostly involves trade or delivery and can be managed as a small home-based business. The business hours may also be flexible. Examples of this are security or investigative service and the cleaning service.

**d) Executive franchise:** May also be referred to as consultancy and it usually involves a financial service. Accountancy and cost managements are best examples of this type.

**e) Master Franchise:** This type of franchise may grow to serve identical purposes as its franchiser. The franchisee can cover a wider scope, regional or international and only experienced business-minded people may be granted this.

Nutek (2007) argued that there are only three types of franchising: Product Distribution Franchising, Trade Name Franchising and Business Format Franchising.

**Product Distribution Franchising** primarily involve a co-operation for the distribution of goods, a supplier or retail co-operation. Under what name or how the marketing of the goods takes place does not necessarily have to be regulated in the franchise contract. An example of this type of franchising is the brewery industry's sales of international soft drinks.

**Trade Name Franchising** means that the franchisee uses the trademark/business name of the franchisor in order to sell its own products or services. This type of franchising is found, for example, among international hotel chains.

**Business Format Franchising** is a combination of the other two types of franchising and is found within various areas of business. The franchisee uses the franchisor's trademark/business name in order to distribute the franchisor's goods or services.



## **CHAPTER 3 RESEARCH METHODOLOGY**

### **3.1 Introduction**

In this chapter the research design was discussed, highlights on the population of study and the data collection method used in the study was mentioned. Finally data analysis methods used were discussed

### **3.2 Research Design**

This was a descriptive survey aimed at establishing the extent to which strategies are implemented and the challenges faced in the implementation process, among the motor vehicle franchise holders in Nairobi. A descriptive survey was chosen because according to Cooper and Schudler (2001:34) it is concerned with finding out who, what, where, when and how of variables. This was the concern of the researcher in this study. Michael (2004) and Koske (2001) have used the design in related studies.

### **3.3 Population**

The population of interest in this study included all the franchise holders in the motor vehicle industry. According to the register of industries (2006) there are eighteen (18) motor vehicle franchise holders in Kenya. The entire population was chosen and it comprised of all 18 franchise holders in Nairobi. The respondents were middle level and lower level manager/supervisors.

### **3.4 Data collection**

The study used primary data, which was collected through the use of a structured questionnaire. Most of the questions were closed and a few open ended to make it easier for respondents to fill in the questionnaires and also simplify the data analysis process.

The purpose of the primary data was to establish the extent to which strategies are implemented and the challenges faced in the implementation process among the motor vehicle franchise holders in Nairobi. Personal interview through booking appointments and visiting the company premises were used. The questionnaire included 3 parts A, B&C the first point was to provide information on the organization strategy: Part B was to confirm whether strategy is implemented and how it is implemented and part C was to establish the challenges encountered in strategy implementation within the motor vehicle franchise holding companies.

### **3.5 Data Analysis**

Descriptive statistics were used to analyze data.

Percentages were used to summarize response on general information as well as whether or not strategic mgt was practice in the organization.

Mean scores were used to determine the extent to which components of strategy implementation were considered in the implementation process. Percentages, tables and charts were used to determine the challenges encountered while implementing a strategy among the motor vehicle franchise holders in Nairobi.

## **CHAPTER 4 RESEARCH FINDINGS**

### **4.1 Introduction**

The study had two broad objectives. The first objective was to establish the extent to which motor vehicle franchise holders in Nairobi are applying the components of strategy implementation. The second objective was to identify the challenges encountered by motor vehicle franchise holders in the process of implementing the strategies. The method of data collection used was questionnaires, these questionnaires had both multiple choice and rating scale questions. The data collected was analyzed using percentages and mean scores.

This chapter presents the analysis and findings of the study. First, the chapter will discuss evidence of strategic management practice and operationalisation of strategy. Secondly the components considered by organizations in strategy implementation will be discussed. Finally the chapter will bring out the challenges encountered in strategy implementation among motor vehicle franchise holders in Kenya.

### **4.2 Profile of motor vehicle franchise holders studied**

Most of the motor vehicle franchise holders operating in Nairobi were seen to rely on the mother companies for their products. They had showrooms and workshops separately for

purposes of marketing. Majority of the franchises were jointly owned (locally and foreign, 50%) Some companies had a range of products besides motor vehicles which included; Tuk-tuks, generators, motorcycles, spare parts while others concentrated on selling cars and doing repairs for the cars they sell.

### 4.3 Approach to strategy

This section contains data collected by multiple choice questions. The data was to provide evidence of strategic management practices and operationalization of strategy. It was analyzed using percentages; the results are presented on table 1 below.

**Table 1: Position regarding a mission or vision**

STATUS	No. of Respondents	PERCENTAGE
YES	10	100%
NO	0	0%

Source: Research data

Table 1 shows that all motor vehicle franchise holders have a vision and mission, being the direction of their respective organizations.

The respondents were also requested to state whether they have strategic plans. The feedback to this is contained in table 2

**Table 2: No of firms having strategic plans**

STATUS	No of Respondents	PERCENTAGE
YES	10	100%
NO	0	0%

Source: Research data

Table 2 shows that all organizations interviewed have strategic plans.

The respondents were asked to state who formulates strategies in their organization. The results are shown in table 3 below

**Table 3: Strategy formulators**

Strategy formulator	Frequency	Total%
CEO	2	20%
Top management	5	50%
All employees	3	30%
Consultants	0	0
None of the above	0	0
Total	10	100

Source: Research Data

From table 3 above, the results show that 20% of the motor vehicle franchise holders have their strategies formulated by CEOs, 50% by top management and lastly 30% allow all employees to participate in formulating the strategy. From these results it's evident that most of the franchise holders in the motor vehicle industry have their strategies formulated by top management

Respondents were asked to state whether they have organizational policies .As regards the presence of policies, the response was as follows:

**Table 4: Number of firms having policies**

STATUS	No of responses	%
--------	-----------------	---

YES	10	100%
NO	0	0%

Source: Research data

Table 4 shows that all organizations interviewed indicated that they have policies in their organizations

The respondents were also requested to state whether their organizations referred to the strategic plans when planning to execute their activities. The results are shown in table 5

**Table 5 Use of strategic plans in activity execution**

Frequency of referring to strategic plans	No of firms	Percentage (%)
Always	3	30%
Very Often	5	50%
Occasionally	2	20%
Rarely	0	0
Not at all	0	0

Source: Research data

Table 5 shows that majority of the franchise holders very often refer to their strategic plans when planning to execute their activities, while none of them doesn't refer to them either done very often or occasionally the results show that all franchise holders in the motor vehicle industry at least refer to their strategic plans when planning to execute their organization activities.

When asked to state whether their current policies adequately supported their organizations strategic plans, all respondents stated that their policies are very adequate, this was quite encouraging.

#### 4.4 Strategy Implementation

This section contains data obtained from rating scale questions. The data was analyzed using mean scores, the higher the mean score, the more effective the process had been used in strategy implementation and vice versa. Results on the various questions are shown below.

Respondents were asked to use a 5 point scale to rate the extent to which the various processes had been effectively used in strategy implementation within their organizations. 1 represented no effect at all ,while 5 represented very effective.

**Table 6: Strategy implementation processes**

Process	n	Mean score
Direct supervision	10	4.2
Planning and control systems	10	4.4
Performance targets		4.7
Market mechanisms	10	3.7
Self control and personal motivation	10	4.7
Grand Mean		4.34

Source: Research data

From table 6 above the general conclusion is that all the processes are effectively used in strategy implementation. The results show that performance targets, self control and



personal motivation was the process most effectively used in strategy implementation by the studied motor vehicle franchise holders, with a mean score of 3.7.

#### 4.4.1 Components of strategy implementation

The components of successful strategy implementation were investigated in the various firms. The data was done using mean scores to show the most influential component among the studied organizations

Respondents were asked to use a 5 point scale to indicate the extent to which each of the stated components had contributed to successful strategy implementation, 5 represented very successful while 1 represented not at all. The higher the mean score, the more the factor had contributed to successful strategy implementation and vice versa.

**Table 7: Organizational factor contribution to strategy implementation**

<b>Organization factor</b>	<b>n</b>	<b>Mean score</b>
Change of structure	10	4.1
Change of culture	10	4.0
Organizational policies and procedures	10	4.5
Management skills	10	4.4
Employee training	10	4.1
Financial resources	10	3.7
Reward policy	10	3.8
Grand mean		4.09

Source: Research data

From Table 7 above, the general conclusion is that the organizational factors had contributed to successful strategy implementation, with a grand mean of about 4.09. The organizational policies and procedures contributed to the highest success in strategy implementation with a mean score of 4.5. This was followed by management skills, employee training, change of structure, change of culture, reward policy and lastly financial resources.

When the respondents were asked to rate the extent to which each of the cultural practices had negatively influenced the execution of strategy, the respondents gave responses shown on table 8. The higher the mean score the greater the negative effect of the cultural practice on implementation of strategy and vice versa.

**Table 8: Culture influence on strategy execution**

Cultural practice	n	Mean score
A politicized internal environment	10	3.46
Hostility to change	10	3.21
Promotion of traditional managers	10	2.56
Aversion to superior practices	10	2.67
Grand mean		2.96

Source: Research data

From the results displayed on table 8 above, the general picture is that the various cultural practices had a moderate negative influence on execution of strategy, with a grand mean of about 3.00. A politicized internal environment was found to

have a very great negative influence on strategy execution in most of the organizations studied, having a mean score of 3.46. Promoting traditional managers was the cultural practice with the least negative influence on strategy execution having a mean score of 2.56

Respondents were asked to use the 5 point scale to state the extent to which their organizations had undertaken each of the tasks to build a spirit of high performance into the organization culture. The higher the mean score, the greater the extent to which the task had been undertaken to build a high performance spirit into the organization culture and vice versa. The responses are shown below:

**Table 9: Building high performance spirit into culture**

Task	n	Mean score
Treating employees with dignity and respect	10	4.58
Training each employee thoroughly	10	3.76
Encouraging employees to use initiative & creativity	10	4.32
Setting reasonable performance targets	10	4.01
Granting employees autonomy to stand out and excel	10	4.01
Grand mean		4.14

Source: Research data

Table 9 shows that generally, the motor vehicle franchise holders studied had undertaken the task of building a high performance spirit to a great extent, with a grand mean of 4.14. The task used to the greatest extent was treating their

employees with dignity and respect. The least undertaken task was training each employee thoroughly having a mean score of 3.76.

When asked to use the 5 point scale to rate how they found each of the environmental factors below impacting on strategy implementation in their organization, the respondents gave various responses. 5 represented very great impact ,while 1 represented no impact at all. The higher the mean score, the greater was the impact of the environmental factor on implementation of strategy and vice versa.

**Table 10: Environmental factor impact on strategy implementation**

<b>Environmental Factors</b>	<b>n</b>	<b>Mean score</b>
1.Economic factors	10	4.8
2.Political Factors	10	3.45
3.Soci-cultural factors	10	2.81
4.Technological factors	10	4.08
5.Threat of new entrants	10	3.32
6.Bargaining power of suppliers	10	4.2
7.Bargaining power of buyers	10	3.86
8.Threat of substitute products or services	10	3.21
9.Rivalry among existing organizations	10	3.49
10.Competitors	10	4.3
11.Creditors	10	4.6
12.Customers/Clients	10	4.2
13.Labour Market	10	3.94
14.Suppliers	10	4.48
Grand mean		3.92

Source: Research data

Generally, the results on table 10 indicate that the various environmental factors have a great impact on execution of strategy, having a great impact on execution of strategy, having a grand mean of 3.92. Economic factors were found to have the greatest impact on strategy execution with a mean score of 4.8. The factor with the least impact was socio-cultural factors with a mean score of 2.81

#### 4.5 Challenges to strategy implementation

Respondents were asked to use the 5 point scale and rate the seriousness or magnitude of each of the challenges below in the implementation of the documented strategies in their organizations. 5 represented very serious, where as 1 represented no effect at all. The higher the mean score the greater was the seriousness of the problem in strategy execution and vice versa.

**Table 11: Challenges of strategy implementation**

Challenge	n	Mean score
1. Poor leadership style	10	3.22
2. Wrong organization structure	10	2.57
3. Unsupportive organization structure	10	2.39
4. Lack of financial resources	10	3.58
5. Inaufficient human resource skill	10	2.43
6. Inadequate technical know-how	10	2.17
7. Wrong Strategy choice	10	2.13
8. Limited IT capacity	10	1.87
9. Development partners interference & regulations	10	1.96
10. Poor management of resources	10	2.48
11. Global trends in the motor vehicle	10	3.18

industry		
12. Government interference & regulations	10	2.33
13. Lack of a clear responsibility being fixed for implementation.	10	1.78
14. Inactive role played by key formulators of the strategic decision.	10	2.0
15. Key implementation tasks and activities not sufficiently defined	10	1.83
16. Overall goals not sufficiently well understood by employees	10	2.30
17. External environmental factors which are uncontrollable.	10	3.46
18. Surfacing of major problems which had not been anticipated	10	3.70
19. Advocates and supporters of the strategic decision leaving the organization during implementation.	10	2.22
20. failure to predict implementation time and problems likely to be encountered	10	2.29
21. Insufficient flexibility of strategy	10	2.87
22. Inadequate information and communication systems.	10	2.22
23. Resistance from lower levels	10	1.96
24. Lack of stakeholder commitment	10	2.27
25. Other.....specify and rate	10	0
Grand mean		2.55

Source: Research data

From table 11 above, the grand mean, 2.55 gives the indication that the problems listed above had a serious effect on strategy execution among the studied firms in the motor vehicle franchise business. It is clear that the most common challenge was surfacing of major problems not identified from the beginning with a mean score of 3.70. The least serious problem was lack of clear responsibility being fixed for implementation with a mean score of 1.78.

When asked to rate the level of their organization determination in implementing the documented strategies, the respondents gave the following responses.

**Table 12: Organization determination in strategy implementation**

	n	Mean Score
Organization determination in strategy implementation.	10	4.69

Source: Research data

As indicated in the table 12 above it can be concluded that the motor vehicle franchise holders studied are highly determined in implementing their documented strategies, with a mean score of almost 5.0. This indicates that they are committed to proper execution of their strategies.

## **CHAPTER 5**

### **SUMMARY AND CONCLUSION**

#### **5.1 Introduction**

This chapter covers the summary, discussion and conclusion of the study. The study sought to establish the extend to which motor vehicle franchise holders in Nairobi are applying the components of strategy implementation and identify the changes they are facing in implementing the strategies. Having analyzed the previous chapter, the discussion of findings, conclusion and recommendations for further study are presented.

##### **5.1.1 Practice of strategic management**

In summary, all the motor vehicle franchise holders studied had mission statements and strategic plans. They all had renewed their strategic plans since the year of inception. Formulation of strategies was done by mostly the top management where as some organization involved all the employees. All the firms had policies and procedures and they matched their strategic plans, in addition, majority always referred to their strategic plans, when planning to execute organization activities. The organization overall strategic plans cannot be ignored when planning to execute organization activities because they give the general direction that should be taken to achieve the vision and mission. Most of the



franchise holders were found to have a good knowledge of this factor.

From the fore going discussion, it can be concluded that most motor vehicle franchise holders practice strategic management and apply most of the key principals required ensure organization success and growth. It is good that all motor vehicle franchise holders studied have mission statements, strategic plans and policies and procedures, which are all basic requirements in the practice of strategic management.

#### **5.1.2 Strategy Implementation components**

Among the firms studied in the motor vehicle franchise holders, the most effect rely used strategy implantation component was self control and personal motivation, followed by planned and control systems as well as performed targets. Social cultural process was least effectively used. Most of these firms have access to best -in -word IT and communication infrastructure as well as good leadership. This can explain why self control and personal motivation were most effectively used among all other components.

On the other hand the effective use of performance targets can be explained by breaking down the main objective into smaller objectives which need to be shared in form of

responsibilities that have targets in order to achieve a common goal of making profits.

From the foregoing discussion, all franchise holders in motor vehicle industry are encouraged to use the various components to ensure effective implementation of their strategies.

### **5.1.3 Challenges encountered while implementing a strategy**

Various environmental factors have an impact on execution of strategy. Economic factors were found to have the greatest impact on strategy execution. Treating employees with dignity and respect had been undertaken to a great extent in most of the firms in building high performance spirit into the organization culture. This was followed by encouraging employees to use own initiative and creatively setting reasonable performance targets and granting employees autonomy to perform. The least undertaken was training each employee thoroughly, though was still above average.

The most serious challenges in strategy implementation among motor vehicle franchise holders studied were; surfacing of major problems not earlier identified, lack of financial resources, uncontrollable factors in the external environment, poor leadership style, and global trends in the motor vehicle industry. Some franchise holders would want to relate poor

performance to factors such as poor leadership and inadequate financial resources. Koske (2003) found out that the same problems were rampant in strategy implementation by public corporations, i.e. poor leadership, poor management of resources and inadequate financial resources.

Before embarking on implementation of a strategy it is important to look at all possible problem that may arise and how to deal with them in the event that they occur.

## **5.2 Recommendation for policy and practice**

Reward systems need to be linked to performance so that people can work towards achieving the desired objectives. The organization strategy should be flexible such that it can be changed or adjusted based on the opportunities and treats arising in the environment.

The motor vehicle franchise holders are encouraged to carry out a thorough dealing with changes in the environment.

Finally, policies should be reviewed in light of new strategies to ensure effective implementation.

### **5.3 Limitations of the study**

This study was subject to resource and time constraints. In this regards the scope cover was limited to motor vehicle franchise holders operating in Nairobi. Furthermore, the context was limited to strategy implementation and challenges encountered in this process.

A number of organizations were unable to participate in filling of the questionnaire citing policy limitations and pressure of work

### **5.4 Suggestions for further research**

As stated above the scope of research was motor vehicle franchise holders. Little focus was put on the strategic planning process. Moreover one could look at the other sectors of the motor vehicle industry like the assemblers, suppliers, among others.

### **5.3 Limitations of the study**

This study was subject to resource and time constraints. In this regards the scope cover was limited to motor vehicle franchise holders operating in Nairobi. Furthermore, the context was limited to strategy implementation and challenges encountered in this process.

A number of organizations were unable to participate in filling of the questionnaire citing policy limitations and pressure of work

### **5.4 Suggestions for further research**

As stated above the scope of research was motor vehicle franchise holders. Little focus was put on the strategic planning process. Moreover one could look at the other sectors of the motor vehicle industry like the assemblers, suppliers, among others.

## 6.0 REFERENCES

- Alexander, L.D. (1985): **Successfully implementing strategic Decisions**. Long range planning, Prentice Hall
- Alabaum, G (1988): **International marketing and export Management**, Addison and Wesley. Longman Publishers, England
- Aosa, E, (1992): **An empirical investigation of aspects of Strategy and formulation implementation within large, private manufacturing companies in Kenya** (Unpublished PhD thesis, University of Strathclyde, Scotland)
- Awino, Z.B. (2002): **Effectiveness and problems of strategy Implementation of financing higher education in Kenya by the higher education loans Board** (Unpublished MBA research project, University of Nairobi)
- Busolo, G (2004): **Corporate strategic planning among motor vehicle franchise holders in Nairobi** (Unpublished MBA Research Project, University of Nairobi)
- Boseman, G & Phatak .A (1989): **Strategic management text and cases, USA**
- Bryson, J.M. (1995): **Strategic planning for non-profit**

- organization**, revised edition, Jossey Brass
- Byars, L.L. (1996): **Strategic Management**, Richard D. Irwin
- Chandler, A. (1962): **Strategy and structure: Chapters in the**  
**History of American industrial Enterprise**. Cambridge  
 Massachusetts, I T Press.
- Cooper, D.R. & Schindler, P.S (2001): **Business Research**  
**Methods**, 7th edition, MC Graw- Hill
- Comerford, A.R. & Callaghan, W.D (1985): **Strategic**  
**management text, tools and cases for business**  
**policy**. USA
- David, F.R., (1997): **Strategic management**, Francis Mac  
 University: 239
- Economic survey (2006): **Republic of Kenya, Central bureau**  
**Of statistics, Ministry of planning and national**  
**development**, Government press.
- The East African 26<sup>th</sup> June 2007
- The East African 20<sup>th</sup> May 2006
- Gilligan, (1989): **International Marketing: strategy and**  
**management**, 2<sup>nd</sup> edition Rout ledge.
- Jeannette & Hennessey. (1992): **Global Marketing**  
**Strategies**, 2nd edition, Rout ledge. Houghton Mifflin  
 company, Boston, USA
- Hunger J.D. & Wheelen T.L. (1995): **Strategic Management**, 5<sup>th</sup>  
 edition, Addison-Wesley Publishing company, New  
 York, USA.

- Johnson, G. & Scholes, K, (2002): **Exploring corporate strategy**, 6th edition, Prentice -Hall, Europe.
- Kazmi, A. (2002): **Business policy and strategic Management**, 2nd edition, Tata McGraw-Hill Company Ltd.
- Karger, D.W. (1991): **Strategic planning and management**, Printed in USA (New York)
- Kandie, P.Y, (2001): **A study of the strategic responses by Telkom Kenya Ltd in a competitive environment** (Unpublished MBA Research project, University of Nairobi)
- Koske, F.K. (2003): **Strategy implementation and its challenges in public corporations: The case of Telkom Kenya Ltd**. (Unpublished MBA Research project, University of Nairobi)
- Kombo, H. (1993): **Strategic responses by firms facing changed environmental Conditions: A study of motor vehicle franchise holders in Kenya** (Unpublished MBA Research project, University of Nairobi)
- Lynch,R:(2000):**Corporate Strategy**,2<sup>nd</sup> edition ,Financial times, Prentice Hall, England
- Muthuiya, F.A (2004): **Strategy implementation and its challenges in nonprofit organizations in Kenya: The case of AMREF Kenya**.(Unpublished MBA Research project, University of Nairobi)
- Ngumo, E.M (2006): **Strategy implementation in scripture**



**Union of Kenya** (Unpublished MBA Research project, University of Nairobi)

Okumu,F (2003): **A framework to implement strategies in organizations, Management Decision** ,Vol 41,9,MCB University Press.

Spencer,J,(1994):**Principles of international Marketing**. 1<sup>st</sup> edition, Blackwell business UK.

Paliwoda,S.J(1993):**International Marketing**, 2nd Edition,Butterworth Heinneman.

Statistical abstract (2006): Republic of Kenya, Central Bureau of statistics, Ministry of planning and national development, Government press.

Shikanga,L (2006): **A survey of marketing planning practices in the Kenyan motor vehicle industry**(Unpublished MBA Research project, University of Nairobi)

Thompson, A.A. &Strickland, A.J. (2003): **Strategic management: Concepts and cases**, 13th Edition, Tata MC Graw-Hill Publishing company

Thompson Jr, A.A. &Strickland III, A.J. (1989): **Strategy formulation &Implementation: Tasks of the general manager**, 4th Edition, Boston.

Webb, I. (1989): **Thinking strategy and a reappraisal of planning**. Published by The industrial society, London, Great Britain.

## APPENDIX 1

### LETTER OF INTRODUCTION TO RESPONDENTS

Nyika Aurelia Mwikali  
School of Business  
University of Nairobi  
P.o.Box 30197  
Nairobi.

Dear Sir/Madam,

#### **REF: COLLECTION OF RESEARCH DATA**

I am a post graduate student at the University of Nairobi School of business studies pursuing a masters of business administration (MBA) .As one of the requirements for the award of the degree, I am supposed to carry out a research and produce a project. In this respect, I have identified your organization as part of this study.

This is thus, to kindly request you to assist by filling out the accompanying questionnaire the information you give will be treated in strict confidence and is purely for academic purposes. The final report will by no means bear your name. A copy of the final report will be availed to your organization upon request.

Your assistance and cooperation will be highly appreciated. May God bless you in advance.

Yours faithfully,

.....  
Nyika Aurelia Mwikali  
(Student)

.....  
Stephen Nzuve  
Supervisor  
School of Business

## **APPENDIX 2**

### **LIST OF FRANCHISE HOLDERS IN NAIROBI**

1. Amazon motors ltd.
2. Bruce motors.
3. Cmc motors.
4. D-T Dobic.
5. Daighy ltd.
6. E.C.T.A Kenya ltd.
7. General motors.
8. Hyundai motors(K)ltd
9. Kamsons motors
10. Kenya motors
11. Kingsway motors
12. Marshalls (E.A) ltd.
13. Mashariki motors
14. Ryce motors.
15. Simba volt motors.
16. Ssang young motors.
17. Touring cars ltd.
18. Toyota Kenya ltd

Source: AA (K) (June 2007).

## APPENDIX 3

### QUESTIONNAIRE

The questionnaire below has 3 parts .Part A aims at assessing the strategy. Part B is observing how the strategy is implemented and finally part C aims at establishing the challenges facing the franchise holders as they implement the strategy.

.....

Please answer the following questions in the spaces provided

1. Your name.....
2. Job title.....
3. Name of your Company .....

### PART A: STRATEGY

Please tick the appropriate

1. Does your organization have a vision?
  - a) Yes
  - b) No
2. Does your organization have a mission?
  - a) Yes
  - b) No

If yes is it in written form?

- a) Yes
  - b) No
3. Does your organization have strategic plans?
  - a) Yes

- b) No
- 4. Have you reviewed your plans since the inception of the organization?
  - a) Yes
  - b) No
  
- 5. Who formulates strategies in your organization?
  - a) CEO
  - b) Top management
  - c) All employees
  - d) Consultants
  
- 6. Do you have organizational policies?
  - a) Yes
  - b) No
  
- 7. Does the organization refer to the strategic plans when planning to execute its activities?
  - a) Always
  - b) Very Often
  - c) Occasionally
  - d) Rarely
  - e) Not at all
  
- 8. Do the current policies adequately support the organizations strategic plan?
  - a) Yes
  - b) No

**PART B: STRATEGY IMPLEMENTATION**

1. Use a 5 point scale to rate the extend to which each of the following components has been effectively used in strategy implementation within your organization

(1= No effect at all, and 5 = very effective .Circle as appropriate

- 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) Market mechanisms.....1 2 3  
4 5
- e) Self control and personal motivation.....1 2  
3 4 5

2. Please answer the following questions by ticking in the box what best describes the extend to which each of the stated organizational factors has contributed to successful strategy implementation.

Use a 5 point scale (where 5 = very successful, and 1 = not at all)

	Not at all 1	2	3	4	Very successful 5
Change of structure					
Change of culture					
Organizational policies					

<b>&amp;procedures</b>					
<b>Management Skills</b>					
<b>Employee training</b>					
<b>Financial resources</b>					
<b>Reward Policy</b>					

3. Use a five point scale to rate the extend to which each of the cultural practices below has negatively influenced the execution of strategy in your organization?

(1= no effect and 5 = very great effect)

- a) A politicized internal environment.....1 2  
3 4 5
- b) Hostility to change.....1 2 3 4 5
- c) Promotion of traditional managers.....1  
2 3 4 5
- d) Aversion to superior practices.....1 2  
3 4 5

4. To what extend has your organization undertaken each of the following tasks to build a spirit of high performance into the organization culture?

Use the 5 point scale where 1= not at all and 5 = very great extent

- a) Treating employees with dignity and respect.....1 2 3  
4 5
- b) Training each employee thoroughly.....1 2 3 4  
5
- c) Encouraging employees to use own initiative and creativity...1 2  
3 4 5
- d) Setting reasonable performance targets.....1 2 3  
4 5

5. Use the 5 point scale to rate how you find each of the environmental factors below impacting on strategy implementation in your organization. (5= very great and 1= No impact at all)

<b>Environmental Factors</b>	1	2	3	4	5
1. Economic factors					
2. Political Factors					
3. Soci-cultural factors					
4. Technological factors					
5. Threat of new entrants					
6. Bargaining power of suppliers					
7. Bargaining power of buyers					
8. Threat of substitute products or services					
9. Rivalry among existing organizations					
10. Competitors					
11. Creditors					
12. Customers/Clients					
13. Labour Market					
14. Suppliers					

### **PART C: CHALLENGES OF STRATEGY IMPLEMENTATION**

1. In your view how do you rate the seriousness or magnitude of each of these problems in the implementation of strategies in your organization?

(Use the 5 point scale where 5 = very serious and 1 = no effect)

	1	2	3	4	5
1. Poor leadership style					
2. Wrong organization structure					
3. Unsupportive organization structure					
4. Lack of financial resources					
5. Insufficient human resource skill					
6. Inadequate technical know-how					
7. Wrong Strategy choice					
8. Limited IT capacity					
9. Development partners interference & regulations					
10. Poor management of resources					



11.Global trends in the motor vehicle industry					
12.Government interference & regulations					
13. Lack of a clear responsibility being fixed for implementation.					
14. Inactive role played by key formulators of the strategic decision.					
15.Key implementation tasks and activities not sufficiently defined					
16.Overall goals not sufficiently well understood by employees					
17. External environmental factors which are uncontrollable.					
18. Surfacing of major problems which had not been anticipated.					
19. Advocates and supporters of the strategic decision leaving the organization during implementation.					
20.failure to predict implementation time and problems likely to be encountered					
21.Insufficient flexibility of strategy					
22. Inadequate information and communication systems.					
23.Resistance from lower levels					
24.Lack of stakeholder commitment					
25.Other.....specify and rate					

2. In your opinion, how do you rate the level of the organization determination in implementing the strategies?

Use the 5 point scale where;-5=highly determined, and 1=not determined at all.

1    2    3    4    5

**Thank you in advance for your time and assistance**