

**CHALLENGES OF STRATEGY IMPLEMENTATION AT KENYA NATIONAL
AUDIT OFFICE (KENAO)**

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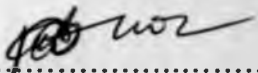
FREDRICK KITHANDI MBINDYO

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

SEPTEMBER 2011

DECLARATION

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


Signed.....

Date..... 4-11-2011

FREDRICK KITHANDI MBINDYO

D61/73549/2009

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

Signed.....

Date..... 8/11/2011

DR. MARTIN OGUTU

LECTURER: DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

ACKNOWLEDGEMENT

I extend my appreciation to my supervisor Dr. Martin Ogutu for his tireless assistance, guidance and support throughout the research process.

Secondly, I am grateful to my family who prayed for me and provided me with moral support.

Thirdly, I am also grateful to my friends and the respondents for their cooperation during the data collection process.

Fourthly, I am very grateful to my daughter Rosina Mbenya Kithandi who assisted in delivering and collecting the project to and from my supervisor for both corrections and marking. May God Bless her.

Finally, special thanks to the Almighty God for giving me sufficient grace, mercy and lots of blessings that enabled me to complete this programme.

DEDICATION

I dedicate this research project to my wife Loise and my children for their encouragement, understanding support and patience throughout this project. To all of you God bless you.

ABSTRACT

The objective of this study was to determine challenges of strategy implementation in KENAO and establish measures employed to overcome the challenges of strategy implementation. The research was conducted through a case study and in-depth interviews were conducted with top level management, middle level managers and functional staff with the help of interview guides.

Kenya National Audit office developed its current strategic plan between 2007-2012 and during the implementation, the strategic focus was on nine broad objectives. However KENAO continued performing dismally in attaining their objectives. The research results obtained indicate that lack of adequate funding or minimal budget allocation, inadequate staff, lack of communication of responsibility and accountability, involvement of lower level members of the staff in strategic planning, lack of physical resources such as office space, equipment and vehicles, computers and ICT capacity amongst the staff, culture and lack of training continued to pose a challenge in strategy implementation. The above challenge was enhanced by the restrictive regulations and policies under which KENAO operated. KENAO had no control over the policies and regulations. KENAO's budget allocation is controlled by the ministry of finance/Treasury which controls all the budgetary allocation to all government departments and determines the exchequer issues to be released at any one point in time and this puts KENAO under a very awkward position in that it was unable to operate independently and plan its desired destiny.

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ABBREVIATIONS

AfDB:	African Development Bank
KENAO:	Kenya National Audit Office
KISGGP:	Kenya Institution of Support for Good Governance project
MBA:	Masters of Business Administration
CAP:	Chapter
ICT:	Information Communication and Technology
CPA:	Certified Public Accountant

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

According to Johnson and Scholes (2002) Strategy Implementation is concerned with translation of strategy into action. This problem of translating strategy into action is part of strategic management and is problematic as strategic analysis and choice. Strategy implementation process is easily the most complicated tougher and more time consuming than crafting strategy (Thompson & Strickland, 1993). Most managers know about strategy formulation than implementation and it should be noted that successful formulation does not guarantee success in strategy implementation. Strategy implementation is therefore difficult and problematic and requires management attention across all levels of organization. Without understanding the challenges strategy implementation efforts face major problems and consequently fail at the strategy implementation stage (David, 1997).

1.1.1 Challenges to strategy implementation:

Implementing strategy is tougher and more time consuming than crafting strategy. It is tougher and more time consuming due to a variety of managerial activities, many different ways to tackle each activity, people management skills required, perseverance and wave making it takes to launch a variety of initiatives and a number of be devilling

issues to be worked. Problems in strategy implementation may arise due to selection of inappropriate strategy whose implementation can become a futile exercise.

Speculand (2006) identified challenges to strategy implementations as gaining support and action from staff, communicating the change, overcoming resistance from the staff, getting support from senior management, aligning process, tracking success of implementation, changing rewards and recognition, acquiring customer feedback, implementing new technology and finally acquiring budget. Several other writers including David (1997), Johnson and Scholes (2002), Thompson and Strickland (2001) and Raps (2005) identified the challenges as amount of strategic communications from the top to the bottom, competing activities that distract attention, changes of responsibilities of key employees, key formulators of strategic decisions not playing active role in the implementation process, information system used to monitor implementation are inadequate and also inadequate resources. The challenges mentioned above should therefore be well addressed to ensure successful implementation of the strategic plans because failure to understand them may pose bigger problems in the implementation process.

1.1.2 The Kenya National Audit Office

The Controller and Auditor General's office was established on 1st June 1955 under Exchequer and Audit Act Cap 412. This was an act in Parliament which provided for the control and management of public finances of Kenya and was consequently entrenched

into the former constitutions in 1963 under section 105 of the constitution. The duties of the Controller and Auditor General were to examine on behalf of the national assembly, inquire into and audit the accounts of all accounting officers and receivers of revenue and all persons entrusted with the collection, receipt, custody, issue or payment of public moneys or with the receipt, custody, issue, sale, transfer or delivery of any stamps, securities stores or other government property and authorise and approve all the withdrawals from the consolidated fund.

The public audit Act 2003 began operating in 9th January, 2004 and established the Kenya National Audit Office and the Kenya National Audit Commission. The duty of the National Audit Commission is to approve the budget of Kenya National Audit Office and determines the remuneration and other terms of appointment of staff. Before then the office had been divided into Controller and Auditor General and Auditor General (Corporations) which were subsequently merged after the enactment of the Public Audit Act. The Controller and Auditor general's responsibility was to authorise and approve all the withdrawals from the consolidated fund and audit all the government ministries and departments together with the local authorities. The Auditor General (Corporations) was mandated to audit all the state corporations. The Kenya National Audit Office is currently headed by the Controller and Auditor General and is structured into five departments each headed by a Deputy Auditor General. The five departments are finance, administration and human resource, central government, local authorities, state corporations and specialized audits.

However, after the promulgation of the new Constitution on 27/8/2010, the office of the Kenya National Audit was further split into two as per section 228 and session 229 part 6 of financial officers and institutions. Session 228 provides for the Controller of the Budget who shall be nominated by the president with the approval of the National Assembly whose duties shall be to oversee the implementation of the budgets of the national and County Governments by authorising withdrawals from the public funds.

Further, Session 229 of the current Constitution provides for the appointment of the Auditor General nominated by the president with the approval of the National Assembly whose duties shall be to audit the accounts of national and county government, the accounts of funds and authorities of national and county governments, accounts of all courts, accounts of every commission, independent office established by the constitution, the accounts of National assembly, the senate and County assemblies, the accounts of political parties funded from public funds, the public debt and the accounts of any other entity that legislation requires auditor General to audit and issue a report. The audit report shall confirm whether or not public money has been applied lawfully and in an effective way and the reports shall be submitted to parliament or the relevant county assembly where within three months after receiving the audit report parliament or county assembly shall debate and consider the report and take appropriate action. It is therefore evident that the Kenya National Audit office has to come up with the proper realignment after the split of the office and a lot of challenges in implementing the current strategic plan 2007 – 2012 are eminent and hence my motivation to undertake this study.

(www.kenao.go.ke)

1.2 The Research Problem

Strategy implementation is the process through which a chosen strategy is put into action (Pearce and Robinson (1991) or that phase in strategic management process when actions are taken to actualise approved plans (Yabs, 2010). Although good strategies may be formulated experience has shown that very little has been achieved in their implementation process if effective execution of the strategies is not employed (Larry, 2005). For any organization to be successful in the strategy implementation process, a number of challenging issues must be adequately addressed at both formulation and implementation stages. Raps (2005) argue that the average success rate of strategy implementation ranges between 10% and 30%. The reasons for failure of any organization to attain its documented strategies include unsupportive organization structure and culture, resistance to change, inadequate training of staff, inadequate resources, uncontrollable factors in the environment, major obstacles surfacing during implementation that were not anticipated, supporters of strategic decisions leaving the organization during implementation, top management lack of good will and middle managers not being involved in strategy formulation and above all lack of communication.

Kenya National Audit Office is a public audit agency whose mission is to build professional excellence in the provision of audit services through objective, reliable and timely audit reports and to be a lead agency in promoting good governance and effective accountability in the management of public resources. KENAO developed its strategic

plan in 2002 – 2006 and then the current one from 2007 – 2012. In the current strategic plan, the office came up with nine goals to be achieved by the office within five years as follows: Deliver quality and timely audit reports, to effectively enhance professional capacity of KENAO, strengthen internal and external systems and framework in which KENAO operates, to promote information and knowledge sharing, to design, develop and set criteria for performance management system to sustain a high level of integrity and promote corruption free practices in public sector, enhance ICT audit capacity, to restructure the organizational framework and position KENAO in a way that makes it prepared to meet challenges of new and emerging audit. From the above formulated objectives the success rate of achieving the above goals appears low and it is therefore evident that Kenao is lagging in the strategy implementation.

Several studies have earlier been done in Kenya by Ngunjiri (2006) on challenges to strategy implementation at Kenya Institute of Management, Ochanda (2005) challenges of strategy implementation at Kenya industrial estate, Ateng (2007) on ministry of Finance and Koske (2003) on Telkom. No study has been done on this subject in Kenya National Audit Office and also the fact that the office has been affected by the current Constitution. That is my motivation for undertaking this research work. The study has therefore two research questions;-

- (i) Has KENAO faced any challenges in implementation of its strategic plan 2007 – 2012.
- (ii) What intervention measures has KENAO put in place to deal with these challenges.

1.3 Objective of the Study

The following three objectives will be addressed in this study

- i.) To determine challenges of strategy implementation in KENAO
- ii.) To determine measures employed to overcome challenges of strategy implementation

1.4 Value of the Study

The findings of the study will be useful to stakeholders such as the Government financiers like the African Development Bank (AfDB) and Kenya Institutional support for good governance project (KISGGP) in Ministry of Finance Treasury, who sponsored me entirely for the whole (MBA) programme. Kenya National audit Office will be able to use the findings to identify Strategy Implementation Challenges and Mechanisms for overcoming the challenges.

The study will also be useful to other government bodies such as state corporations and will lead them make informed decisions on issues to do with strategic planning and implementation challenges and definitely enhance efficiency and effectiveness in their operations. Policy formulators in various government ministries and departments will find the study of significant and obviously provide useful information while preparing their strategic plans and will be able to enhance their overall success rate in achieving their objectives.

Lastly other scholars and researchers will also use the research findings as a point of reference and will serve as a model of study of challenges of strategy implementation and will help them identify further researchable areas or gaps. The study will also contribute to the existing body of knowledge in strategic management.

CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of Strategy

The Concept of strategy has been often used and finds applications in all fields of study and life and according to Thompson and Strickland (2003) strategy has been defined as the game plan management has for positioning the company in its chosen market arena competing successfully pleasing customers and achieving good business targets. Johnson and Scholes (2005) have also defined strategy as the direction and scope of an organization over the long term and achieves advantage for the organization through configuration of resources within a changing environment to fulfill stakeholder expectations.

Mintzberg et al (2005) defined strategy as a plan, ploy, pattern, position and perspective. They stated that a plan provides a roadmap by which the firm intends to achieve its goals. A ploy refers to how a firm will manoeuvre its resources to attain its objectives and patterns refers to decisions and actions that drive the firm forward over time towards its goal. The position a firm occupies gives its advantage in the access to the markets, clients and services and lastly a perspective which refers to the future of the firm and the understanding of its internal strengths and weaknesses to be able to steer towards the intended future state.

2.2 Strategic Management

Strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions that enables an organization to achieve its objectives (David, F.1982). It is also defined by Pearce and Robinson (1991) as a set of decisions that result in the formulation and implementation of plans designed to achieve an organizations objectives, It involves the planning, directing, organizing and controlling of a company's strategy related decisions and actions. It relates to positioning and relating a firm to its environment in a way that will assure continued success.

In a nutshell, strategic management is concerned with deciding on strategy and planning how the strategy is to be put into effect. It has three main elements namely: strategic analysis in which the strategist seeks to understand the strategic position of the organization and the strategic choice which deals with the formulation of possible causes of action, their evaluation and choice between them. There is also above all strategy implementation concerned with planning how the choice of strategy can be put into effect (Johnson & Scholes 2002).

In the twenty-first century, realities of globalization, rapid changes in technology, increasing competition, changing workforce, changing market and economic conditions and developing resource shortages all have increased the complexity of modern management hence the urgent need for strategic management practices in all organizations. Whereas strategic management was a competitive advantage in the past

decade, it is a necessity of global thinking in this century. All organizations operating in the global business world must therefore practice strategic planning in order to survive the new business challenge. According to Bovaird (2009) strategic management has become a vital part of most organizations. Almost all organizations of any size have some kind of strategic planning. Whelem and Hunger (1999) also noted that strategic management is a rapidly developing field of study that has emerged in response to increasing environmental turbulence.

The concept of strategic management was developed to enable managers to align their organizations with the changing and turbulent environment in order to achieve organizational goals and objectives. The development of this concept is essential since it corrects the anxiety with strategy analysis in the early stage and gives special attention to strategic choice and strategic implementation in the later stage (Aaker, 1999).

There is also strategic management process which is the understanding of the strategic position of an organization strategic choices for the future and turning strategy into action (Johnson and Scholes, 2007) or a set of decisions and actions that results in the formulation and implementation of plans designed to achieve an organizations objectives (Pearce and Robinson, 2005). Mintzberg (1999) defines strategic management process as a way for business to build strategies that help the company respond quickly to new challenges. Strategic management is also a systematic resource based process for making major decisions in organizations. It attempts to organize meaningful assets and skills, information and competitive arenas in a manner that allows effective decisions and

strategies to be made under conditions of uncertainty (Aaker, 1999). This dynamic process helps organization find new and more efficient ways to do business.

It involves a number of stages as opposed to being one spectacular event. The process involves defining the business, stating the mission and forming a strategic vision, setting measurable objectives, crafting a strategy to achieve objectives, implementing and executing strategy and finally evaluating performance, reviewing new development and initiating corrective adjustments.

2.3 Strategy implementations

Strategy implementation is translating strategic thought into organizational action or moving from planning their work to working their plan as they shift their focus from strategy formulation to strategy implementation (Pearce and Robinson, 1991). It is also concerned with the design and management of systems to achieve the best integration of people, structures, processes and resources in reaching organizational purposes. Strategy implementation can be broadly defined as the communication, interpretation, adoption and enactment of strategic plans (Noble, 1999). It also includes on going modification of the strategy through the implementation process. Strategy implementation inherently requires learning and adjustment in relation to the strategy.

Implementing strategy is a job for the whole management team such as the chief executive officer, heads of major organizational units and also top management has to

orchestrate major implementation initiatives. The administrative tasks of implementing and executing the strategy involves a process of moving incrementally and deliberately to create a variety of fits that bring an organizations conduct of its internal operations into good alignment with strategy.

2.4 Principal tasks of strategy implementation

According to Thompson and Strickland (2001), the main tasks of strategy implementation are building a capable organization, allocating ample resources to strategy critical activities, establishing supportive policies and procedures and instituting best practices and mechanisms for continuous improvement and must above all rely on middle and lower level managers to get things done.

For strategy to be successfully implemented therefore, three inter-related concerns have to be undertaken as follows:- Identifying measurable annual objectives which are specific measurable statements of what the organization units are expected to contribute to accomplish the firms strategy. The annual objectives give, the operating personnel a better understanding of their role in the firms mission and act as motivational pay offs. Developing strategies that each functional area within a firm must undertake in order to implement the strategic key areas of marketing, finance, production and operations and human resource development and Policies designed to guide the thinking decisions and actions of managers (Pearce and Robinson, 1991).

2.5 Factors that Influence successful strategy Implementation

The strategy to be successfully implemented must be institutionalized such as permeating the firm's day to day life. Four organizational elements provide the fundamentally long-term means for institutionalizing the firm's strategy: Structure, leadership, culture and rewards (Pearce and Robinson, 1991). Structure identifies the key activities within the firm and the manner in which they will be co-ordinated to achieve the firm's strategic purpose. Structure portrays how key tasks and activities have been divided to achieve efficiency and effectiveness. Reward systems, co-ordination terms, planning procedures, information and budgetary systems are among the other means that become necessary. It is therefore necessary for the structure to be matched to the strategy.

Leadership is the ability possessed by some individuals to influence others to behave and do certain things as directed or influence of people to behave in certain manner. Leadership is a key element of strategy implementation since the work of the chief executive officer is to be a catalyst in strategic management whose concern is to ensure the right managers are in the right positions for the new strategy with the characteristic needed to ensure effective implementation of strategy (Yabs, 2010).

Organization culture is the set of important assumptions that members of an organization share in common. Every organization has its own culture which is shared assumption; internalized beliefs and values that the organizational members hold in common. Managers have recognized that key components of the firm, structure, staff systems,

people style influences the ways in which key managerial tasks are executed. The implementation of new strategy is concerned with adjustment of these components so as to accommodate the perceived needs of strategy. Aosa (1992) also stated that it is important that culture of a company be compatible with strategy being implemented. Implementation can also be studied by working at the impact organization culture and resistance to change has on employee acceptance and motivation, action and beliefs of individuals at all levels of organization. Peter and Waterman (1982) focused attention in the role of culture in strategic management. The culture of an organization develops over a period of time is influenced by the values, action and beliefs of individuals at all levels of the organization.

Motivating and rewarding good performance by individuals and organizational units are key ingredients in effective strategy implementation. The reward system must be clearly linked to strategic performance. The reward mechanism can be compensation, praises, criticism. (Pearce and Robinson, 1991).

2.6 Challenges of strategy implementation

Implementing strategy is that phase in strategic management process when actions are taken to actualise approved plans. It begins with the analysis of long term plans and breaking them down to small workable annual or short-term plans (Yabs, 2010). Implementing strategy is therefore tougher and time consuming than crafting the strategy due to a variety of managerial activities required, people management skills and a number

of be devilling issues to be worked. Problems in strategy implementation may, arise due to selection of an inappropriate strategy whose implementation can become a futile exercise. Failure to couple strategy development and implementation is another challenge because persons who will be vested with the mandate to implement the strategic plan should be fully involved in its development to avoid resistance. Researches on challenges have been done by a number of scholars.

Raps (2005) outlined the challenges encountered in strategy implementation as follows:- Commitment of top management, involvement of middle management valuable knowledge, clear assignment of responsibilities. The most important was the top management commitment to strategic direction because top management is essential to the effective implementations of strategic change and also provisions of a role model for other managers to use in assessing the salient environmental variables.

Top management is responsible for the determination of organizational structure such as information flow, decision making process and job assignments. The management must also recognize the existing organizational culture and learn to work within or change its parameters. Top management must also be involved in the design and control of the organizational reward and incentive systems and also provide accurate and timely feedback concerning the organizational performance.

Alchamdi (1998) also came up with almost the same challenges to strategy implementation as follows: competing activities that distract attention, changes in

responsibilities of key employees, key formulators of strategic decision not playing active role in implementations, problem requiring top management involvement not communicated early enough, key implementation tasks not clearly designed, Information system used to monitor implementation are inadequate, overall goals not sufficiently understood by employees, external factors in external environment, advocates and supporters of strategic decision leaving the organization during implementation, Implementations taking too long than originally advocated and finally inadequate resources.

Freedman (2003) also lists a number of challenges such as lack of strategic inertia, lack of stakeholder commitment, failure to understand progress, impatience and not celebrating success. Aosa (1992) also argues that lack of compatibility between strategy and culture can lead to high organizational resistance to change and demotivation. Culture is the collective programming of the human mind that distinguishes the members of one human group from the other. It is a system of collectively held values and is what is typical of the organizations, the habits, prevailing attitudes, grown up patterns of accepted and expected behaviours. Organizational culture can impede or facilitate change since it can resist change, respond to change, accept change and initiate change. Aosa (1992) said that it is necessary to examine the cultural fit with the strategic change implementation and is evaluated on the basis of compatibility to new strategy.

David (1997) also states that allocating resources to particular divisions and departments does not mean that strategies will be successfully implemented. Lack of sufficient

knowledge is another pitfall to strategy implementation. Managing change and resistance to change can be considered the single greatest threat to successful strategy implementation. Organizational politics is another challenge. Organizational politics is a process by which differing interest groups reach accommodation. Accommodation relate to the disposition and use of power and influence and behaviour which is not prescribed by the policies within the organization. Managers engage in politics to obtain following from the population to influence organizational goals to further their interests.

Other researchers who have done research on challenges of strategy implementation are as follows:- Ngunjiri (2006), Koske (2003), Machuki (2005), and Ateng (2007), Ochanda (2005) and the challenges identified as unsupportive organization structure and culture, resistance to change, implementation taking too long than anticipated, uncontrollable factors in the environment, major obstacles surfacing during implementation not anticipated, inadequate resources, inadequate training of staff and advocates and supporters of strategic decision leaving the organization during implementation.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research design

The research was conducted through a case study at Kenya National Audit office to identify the various challenges being faced in strategy implementation. The design was valuable for an in-depth contextual analysis. Koske (2003), Ochanda (2005) and Copper and Schindler (2003) assert that case studies place more emphasis on a full contextual analysis of fewer events or condition since details from multiple sources are secured. The details were secured from multiple sources of information and allowed evidence to be verified that enabled the researcher to avoid missing any data.

3.2 Data Collection

Primary data was collected by use of comprehensive interview guides which addressed different issues on challenges to strategy implementation. The interview guides which were developed to guide the researcher in interviewing the respondents in data collection processes were administered to top level managers, middle managers and functional staff at the Kenya National Audit office. Interview guides were issued in advance to help the respondents recollect facts or make reference where necessary and the researcher booked an appointment at the convenience of the respondent. Accompanying the interview guides was an introduction letter. A total of six respondents were interviewed who

included two Deputy Auditor Generals of Audit, two Directors of Audit, one middle level Managers and one functional staff.

3.3 Data analysis

Content analysis was the best suited method used. Nachmias and Nachmias (1996) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to relate to trends. Qualitative analysis was also used since the data obtained was detailed information about the phenomenon being studied that required analytical understanding of the data that enabled the researcher to come up with some useful conclusions. The conclusions were a generalization on the subject of study that drew heavily on the challenges of strategy implementation at KENAO.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1. Introduction

This chapter discusses data analysis and results and the study was guided by two research objectives such as determining challenges of strategy implementation being faced by KENAO and establishing the measures employed to overcome the challenges. The objectives were set out at the beginning of the study.

The method of data collection was through personal interviews which were given to the respondents in advance to enable them recollect relevant facts. Content and thematic analysis of qualitative data obtained from primary sources have been used to analyse the findings.

4.2 Practice of strategic management at KENAO

The researcher sought to establish whether KENAO has a strategic plan, vision and mission statements, time frame of the strategic plan, presence of documented strategies, goals and objectives, presence of established strategies, whether strategies are put into action after their documentation and finally whether KENAO has lagged behind in implementing strategies. All the respondents indicated that they were aware of the KENAO's strategic plan, vision, mission statements and the time plan which all of them indicated that it was five years and that strategies have been documented in each

department. They also confirmed that KENAO has goals and objectives with fully established strategies to achieve the objectives. Further, it was also found that although strategies are put into action after their documentation, KENAO was still lagging behind in implementing the documented strategies.

4.3 Challenges of strategy implementation

The first objective as set out in the beginning sought to determine the challenges faced by KENAO in implementing the strategies. To respond to this, in-depth interviews were done with a total of six respondents who included two Deputy Auditor Generals of Kenya National Audit Office, two Directors of Audit, one middle level manager and one functional staff.

The interview guides were structured in order to suit the various positions such as the top level management and middle level managers as well as functional staff. This helped the researcher in gathering as much information as possible.

The interviews revealed that the key challenges were lack of adequate funding, high staff turnover, low staffing levels, ICT capacity, low morale as a result of poor remuneration, communication break down, inadequate transport, unfavourable working conditions, lack of implementation of recommendation made in audit reports, lack of training and lack of multi-disciplinary staff such as human resource, engineers, doctors and procurement specialists, involvement of all staff in the strategic planning hence lack of buy-ins, initial supporters leaving the service before full implementation, lack of rewards for achievers,

lack of computers and ICT competencies, lack of physical resources such as office space and equipments, cultural challenges and competing activities that distract attention.

4.3.1 Lack of adequate funding or budget allocation

All the respondents indicated that funding in KENAO is a major challenge. This is because of the requirement where Ministry of Finance/Treasury has to approve the budget for the office. The budget allocation is not adequate and creates an impediment in the implementation of the strategic plans. The funds allocated to Kenya National Audit office are usually inadequate to hire additional staff or undertake the office assignments on time and therefore good strategies are shelved or put on hold due to lack of funds thereby impacting negatively on the performance of the office. The finding is in line with the literature where budgetary systems are necessary for successful strategy implementation (Pearce and Robinson, 1991)

4.3.2 High Staff turnover and inadequate staff

The respondents agreed that the office has experienced high staff turnover due to non competitive terms and conditions of employment among professional cadres. This has resulted in KENAO being a platform for training of employees as they are attracted to lucrative jobs in other sectors of the economy. This has also resulted in low morale amongst the staff. Further, all the respondents confirmed that KENAO was being faced with acute staff shortage to ensure successful implementation of the strategic plan.

Inadequate human resource was also found to be a challenge in other studies carried by other scholars such as Ngunjiri (2006), Koske (2003) and Ochanda (2005)

4.3.3 Lack of communication of responsibility, accountability and involvement of lower level managers in strategic plan preparation

The respondents confirmed that communication of responsibility is totally lacking. Lower level managers are also not involved in the strategic planning process. While top level managers and middle level managers are involved, lower level managers were merely assigned responsibilities derived from the strategic plan by their immediate supervisors. Lack of communication also creates resistance from staff and lack of buy-in of the strategies and this does not enhance the understanding of the strategies. Raps (2005) argued that involvement of middle management valuable knowledge and clear assignment of responsibilities is essential to the effective implementation of strategies. Persons vested with the mandate to implement the strategic plan should be fully involved in its development to avoid resistance.

4.3.4 Lack of physical resources as a challenge

All the respondents indicated that physical resources were critical to successful strategy implementation such as availability of office space, furniture and transport. Due to inadequate funding, KENAO does not have enough vehicles and the office is unable to

replace the aged motor vehicles and buy new ones. Respondents further confirmed that office space and lack of office furniture is lacking in KENAO.

4.3.5 Lack of Technological resources

The respondents interviewed indicated that KENAO was struggling as far as technology was concerned and could barely meet its desired position of ensuring a computer or a laptop for every officer. The office does not have internet and intranet connectivity. The respondents recognized that technological resources were crucial for strategy implementation as sufficient technology ensured efficiency and fulfillment of most of the objectives stipulated in the strategic plan. The respondents therefore observed that lack of competence in information communication and technology was also a major challenge to strategy implementation. This is because some staff members are not computer literate and this makes it difficult to achieve accurate reports. David (1997) stated that lack of sufficient knowledge is a pitfall to strategy implementation and a greatest threat to successful strategy implementation.

4.3.6 Lack of training and multidisciplinary staff challenges

All the respondents interviewed also confirmed that human resource training is critical to successful strategy implementation. The responses indicated that training of staff and lack of multi-disciplinary staff such as engineers, doctors and human resource specialist have posed a big challenge to strategy implementation. Training in specialized areas such as

performance environmental audit and information communication and technology is evidently lacking in KENAO. It transpired that some specialised functions such as procurement and human resource management were handled by Auditors who were not trained to undertake such functions. No engineers, environmental science specialist or lawyers have been recruited in KENAO to handle such functions. The finding is also in line with the literature where other researchers such as Koske (2003) and Machuki (2005) found inadequate training of staff to have an impediment to successful strategy implementation.

4.3.7 Initial supporters of the strategic plan as a challenge

It was also observed that initial advocates and supporters of the strategic plan retired from service before full implementation. The previous Auditor General was retired one year after promulgation of the new constitution which required him to leave office after one year after promulgation. The Deputy Auditor General in charge of specialized audit who was the main person who assisted in formulating the current strategic plan 2007-2012 also retired from the service with effect from 1.7.2011. This has posed challenges because the two officers were in the fore front in ensuring that the strategies were achieved within the timelines set. Alchamdi (1998) also came up with a similar challenge in his study on obstacles to successful implementation of strategic decisions, the British experience.

4.3.8 Challenges in culture

Respondents interviewed mentioned the fact that culture has stifled strategy implementation in KENAO. This is because most of the staff still have the old civil service mentality and maintains a particular work ethics. The existence of culture and tradition as a challenge has resulted in resistance to change and old approach to work, lack of modern skills, collective responsibility and procedures of work hence strategic plans not being implemented in time. It was also observed that most members of staff are not committed to their work and report late in the morning and left early. This means that the culture that prevailed in KENAO is not supportive of the strategy and the staff appeared not result oriented. The study findings are also consistent with the literature.

Culture is the collective programming of the human mind that distinguishes the members of one human group from the other. It is a system of collectively held values and is what is typical of the organization, the habits prevailing attitudes and grown up patterns. Aosa (1992) argued that lack of compatibility between strategy and culture can lead to high organizational resistance to change and demotivation. He said that it is necessary to examine the cultural fit with the strategic change implementation.

4.3.9 Leadership challenges

The study confirmed that the top level management is in the fore front in providing leadership to enable strategy implementation. This therefore means that leadership in KENAO is not a challenge to strategic plan implementation.

4.3.10 Competing activities that distract attention as a challenge

It was further observed that KENAO was affected by competing interests that have distracted the attention of members of staff from implementing the established strategies. Some activities that have interfered with the strategy implementation are changes in the constitution that require fresh re-alignments and redrafting of the Public Audit act, readjustment of the audit structure to be line with the county Governments such as establishing offices in the forty seven counties, request for special audit assignments such as fraud cases and new and emerging audits.

Other distracting activities mentioned by the respondents include staff commitments to work allocations especially where the staff members have been sponsored for Masters Degree programmes or Certified Public Accountants (CPA) courses. It has transpired that the staff members are sometimes doing assignments during working hours thus compromising their output. Alchamdi (1998) also came up with the same challenge in his paper on obstacles to successful implementation of strategy decision.

4.4 Measures to overcome the challenges

The study sought to establish in its second objective the measures KENAO has taken to overcome the challenges. KENAO has been recognized as an independent office by the current constitution thereby separating it from the civil service. The public audit Act was also being reviewed and several changes are expected.

The planning process was reported not to have been all inclusive so that the implementers of the strategies could own it up and ensure commitment for all for the successful implementation of the strategy and making sure that the process is participatory. This is being done in planning workshops held yearly at Utalii Hotel. KENAO has embraced good management tools like performance contracting to enhance quality in response to mitigation of any adverse effects.

Aggressive training policies have been enhanced such as sponsoring employees for Certified Public Accountant (CPA) courses to ensure technical competencies of all staff. Sponsorships for post graduate courses such as Master's degree programmes have been enhanced to include up to the level of Auditor II's.

The study findings reported culture as important for enhancing organizational performance. All those interviewed felt culture was critical to successful strategy implementation and the need to influence action of employees to support the current strategy so that resistance is reduced. KENAO is overcoming the above by encouraging

employees to gain new skills and also having workshop of all cadres of employees. The leadership of KENAO recognizes the importance of communication with the staff. The Auditor General addresses all the staff together with the divisional heads of departments immediately after every end of financial year. While introducing change, he personally communicates it to the participants and ensures participation of all.

To overcome the challenge associated with the inadequate staffing levels, new posts are being advertised such as Auditor III posts and other specialised areas such as lawyers, environmental experts among others and introduction of common establishments in some cadres such as principal auditors and senior auditors. Medical schemes both in-patient and outpatient have been introduced. Extraneous allowances and commuter allowances have also been introduced to enhance staff morale.

The training needs assessment has already been carried out by the KENAO's training division to assess the training needs requirement of employees in both CPA and ICT capacity. Performance contracting in line with targets outlined in the strategic plan (2007-2012) is being implemented and is supported by an established public sector staff appraisal system; the challenge of lack of enough funding is being addressed by seeking funds from the donor community such as African Development Bank (AFDB) for training and purchase of computers.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary, conclusion and recommendations drawn from the study. Limitations of the study are also highlighted and recommendations provided both for the study and the future research.

5.2 Summary

The objective of the study was to determine the challenges of strategy implementation in KENAO and to determine measures employed to overcome the challenges. This section therefore summarises the key challenges. The key challenges of strategy implementation at KENAO are emanating from sources internal to the organization due to behaviour resistance to change from the tradition from the public sector culture to a dynamic culture responsive to the market conditions. Culture was not aligned to the strategy. There was lack of compatibility between strategy implementation and culture that led to high organization resistance to change and de-motivation. Other challenges that posed major problems to strategy implementation are lack of adequate funding from Ministry of Finance/Treasury. It was noted that KENAO depended on budgetary allocation from Treasury and enough resources were not given to KENAO making it perform dismally. It also transpired that there was high staff turnover resulting to serious understaffing in

many departments. Communication of responsibility was also a problem because most of the strategies were not well communicated to the implementers as well as involvement of lower level members of staff in strategic planning also was found to be a key challenge in strategy implementation, since it was found to be lacking completely.

Lack of physical resources such as office space, equipment and motor vehicles was also found to be a major impediment to strategy implementation. Lack of technological resources such as lack of computers and laptops to all officers and lack of information communication and technology capacity within the staff was also found to have hindered successful strategy implementation of strategies.

Lack of training and lack of multidisciplinary staff was also found to have been another major challenge. Training on specialised audit areas such as environmental, performance and value of money audits was totally lacking in KENAO and multidisciplinary staff such as engineers and lawyers were not being recruited to assist in specialised audit areas. Other specialists lacking in the department are procurement specialists and human resource specialists.

Initial supporters of strategic plan leaving the organization before full implementation of the strategic plan also posed as a challenge to the success of strategy implementation. This is because the Deputy Auditor General who helped in the formulation of the strategic plan 2007-2012 retired from service with effect from 1/7/2011 and the sitting Auditor General (the Chief Executive officer) of the department also left on 27/8/2011

one year after promulgation of the constitution in line with the current constitutional requirement.

Leadership was not a problem in KENAO due to the fact that top level management in KENAO is in the forefront in providing leadership to enable strategy implementation. The management was found to uphold the need of planning system as an effective tool in strategy implementation. Competing activities that distract attention was also noted as an impediment. Some activities that have distracted the attention of the staff include changes in constitution where the Kenya National Audit office was split into two offices such as Auditor General's office and the controller of the budget. Creation of the county government calls for fresh re-alignment and redrafting of the Public Audit Act (2003). Other distracting activities are when the staff members are sponsored for Masters Degree programmes and Certified Public Accountants (CPA) courses and then they start doing assignments during office hours thus compromising their output. The above findings are in line with the literature.

5.3 Conclusions

It can now be concluded that strategy implementation is obviously the most difficult part of strategic planning process and many strategies fail at the implementation stage. For any organization to successfully implement its strategies, it must above all ensure there is existence and alignment of all strategy supportive aspects of the organization. It therefore means that for any organization to experience successful strategy

implementation and achieve its targeted performance, there must be a tight fit between strategy and the organization skills, competencies and resources or budgets, between the strategy and internal policies such as communication policy between strategies and reward systems and the organizational culture.

The absence of the above mentioned fits or any of them will lead to complete failure of the strategy at the implementation stage. In a nutshell, all the strategy supportive aspects of an organization are critical and must be aligned with the strategy for an organization to experience successful strategy implementation.

5.4 Recommendations for policy and practice

The researcher recommends KENAO to be completely released from any budgetary restrictions so that it can be able to source technological resources, financial resources, physical resources and human resources and design its own reward and motivational structures together with formulating its strategy supportive policies.

Complete autonomy from the government will ensure inculcation of best practices also. It is further recommended that communication policy to be improved and all the KENAO offices to be connected through intranet.

Training policies should be aggressively increased and multidisciplinary staff to be recruited. Training will also improve skills, competencies in areas like ICT.

Involvement of lower level members of staff should also be increased in strategic planning so that resistance can be reduced and ownership of strategies enhanced. More team building sessions should be increased as a way of increasing team work.

5.5 Limitation of the study

The study was carried out at Kenya National Audit offices situated at Anniversary Towers Nairobi and that involved traveling to Nairobi to interview the respondents. It was very expensive traveling to Nairobi. Some respondents were very busy and getting their audience was a nightmare. There was also the issue of traveling all the way to Nairobi for consultation with my supervisors which was expensive in time and money.

5.6 Suggestions for further research

The research carried out an in-depth study which was broad and dealt with challenges that affect strategy implementation at KENAO. The researcher suggests further research to be conducted on each challenge independently and there is also a need to undertake a study on strategy implementation and it's challenges in the public sector.

The study was also carried out when the current strategic plan 2007-2012 was not over and a similar study could be carried out after this period to assess the situation.



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APPENDICES

Appendix I: Letter Of Introduction

Fredrick K. Mbindyo
Dept. of Business Administration
School of business
University of Nairobi

Dear Respondent,

CHALLENGES TO STRATEGY IMPLEMENTATION AT KENYA NATIONAL AUDIT OFFICE

I am a Postgraduate Student at the University of Nairobi and in order to fulfill the Masters Degree requirement, I'm undertaking a management research project on the above subject within KENAO. I have therefore selected you to be part of this study.

This is to kindly request you to assist me collect data by taking sometime for a face to face interview on issues relating to the subject.

I wish to confirm to you that the information you will provide will be used exclusively for academic purposes and I will treat it with strict confidence and your name will not appear in my report.

Your co-operation will be highly appreciated and thank you in advance.

Yours faithfully,



Fredrick K. Mbindyo
MBA student
UoN
Administration

Supervisor
Dr. Martin Ogutu
Lecturer, Dept of Business

School of Business
UNIVERSITY OF NAIROBI

Appendix II: Interview Guide for Top Level for Managers

1. Does KENAO have Vision and Mission Statement?

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2. If yes in one above does it run through all the departments or each dept formulates its own?

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3. Does it have a strategic Plan?

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4. If yes In 3 above, what is the time frame?

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5. What strategies are being implemented currently as per the strategic plan?

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6. How far have they been implemented?

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7. Have you lagged behind in the implementation?

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8. What are you doing to ensure the challenges are overcome?

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9. Do you have goals and objectives?

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10. Do you have established strategies to achieve the objectives?

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11. What is your role in implementing the strategies?

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12. What are the practices employed in implementing the strategies?

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13. Are the strategies put into action after their documentation?

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14. Is the top level management in KENAO in the forefront in providing the leadership to enable strategy implementation?

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15. Does the current organizational structure support the implementation of the referred strategies?

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16. How would you describe the institutional culture in relation to its support to strategy implementation?

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17. Does KENAO have the required resources for implementing the established strategies?

18. How effective are the communication systems in enhancing access to information by members of KENAO?

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19. Do you have any competing interests that may distract attention of members of staff from implementing the established strategies?

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20. Do you have any uncontrollable factors in the external and internal environment that may affect strategy implementation?

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21. How challenging is the strategy implementation in KENAO?

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22. What challenges do you encounter as an office?

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Appendix III: Interview Guide for Middle and Functional Level Managers

1. What is your role in the KENAO strategic planning?

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2. Do you have documented strategies for your department?

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3. To achieve the documented objectives, what action plans have you put in place?

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4. How do you implement the action plan?

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5. What practices does the dept adopt to successfully implement the documented strategies for the dept?

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6. Is there adequate communication of the established strategies to members of staff in the department?

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7. As a dept what challenges do you face when implementing strategies?

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8. Do you think the Senior Management is in the forefront in providing leadership to enable strategy implementation?

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9. Do you find the resources allocated to your department adequate for successful strategy implementation?

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10. What is your comment on the over all culture at KENAO in terms of support for successful strategy implementation?

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11. How challenging do you find the strategy implementation process

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12. What challenges do you encounter?

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