

**CHALLENGES FACING THE IMPLEMENTATION OF STRATEGIES
ADOPTED BY THE CITY COUNCIL OF NAIROBI FOR EFFECTIVE
REVENUE COLLECTION**

BY

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Declaration

I declare that this is my original work and has not been presented in any other University or College for Examination or Academic purposes.

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Dedication

This project is dedicated to my husband, Ochieng Dancun and my lovely sons, Andy and Adam Duncan.

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It has been an exciting and instructive study period in the University of Nairobi and I feel privileged to have had the opportunity to carry out this study as demonstration of knowledge gained during the entire period I have studied for my master's degree. With these acknowledgments, it would be impossible to remember those who in one way or another, directly or indirectly, have played a role in the realization of this research project. Let me, therefore, thank them all equally.

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TABLE OF CONTENTS

Declaration.....	ii
Dedication	iii
Acknowledgments	iv
Abstract.....	viii
CHAPTER ONE:INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Strategy Implementation.....	2
1.1.2 Challenges Facing Strategy Implementation	3
1.1.3 Local Government Authorities in Kenya.....	5
1.1.4 The Nairobi City Council.....	6
1.2 Research Problem	10
1.3 Research Objectives	12
1.4 Value of the Study	12
CHAPTER TWO:LITERATURE REVIEW.....	13
2.1 Introduction.....	13
2.2 Theoretical Review of Strategy Implementation	13
2.3 Empirical Review.....	15
2.4 Strategy Implementation Process.....	16
2.5 Factors Affecting Strategy Implementation.....	28
2.5.1 Commitment of Top Management.....	29
2.5.2 Involvement of Middle Manager’s Valuable Knowledge	29
2.5.3 The Role of Communication.....	30
2.5.4 Integrative Point of View	31
2.5.5 Clear Assignment of Responsibilities.....	32
2.5.6 Preventive Measures Against Change Barriers.....	33
2.5.7 Teamwork	33

2.5.8	Individuals' Differences.....	34
2.5.9	Supportive Implementation Instruments.....	35
2.5.10	Buffer Time for Unexpected Incidents	36
2.5	Challenges Facing Strategy Implementation in Organizations.....	37
CHAPTER THREE:RESEARCH METHODOLOGY		40
3.1	Introduction.....	40
3.2	Research Design.....	40
3.3	Target Population and Sample Size.....	41
3.4	Data Collection Method.....	41
3.5	Data Analysis	42
CHAPTER FOUR:DATA ANALYSIS, RESULT AND DISCUSSIONS		43
4.1	Introduction.....	43
4.2	Response Rate.....	43
4.3	The Role of the Managers in Strategies Implementation Process	44
4.4	Challenges Affecting the Implementation Process in the Council	45
4.5	Factors that pose Challenge to Strategy Implementation Process Services.....	46
4.6	How Strategy Implementation Challenges Affect The Implementation.....	47
4.7	Basic Measures Requirements in the Council for Effective Strategy	49
4.8	Requirements in the Council for Effective Strategy Implementation.....	49
4.9	Discussion of the Results.....	50
CHAPTER FIVE:SUMMARY,CONCLUSIONS AND RECOMMENDATIONS.		53
5.1	Introduction.....	53
5.2	Summary of the Results	53
5.3	Conclusion	57
5.4	Recommendations.....	57
5.5	Limitation of the Study	58
5.6	Suggestions for Further Research	59

5.7 Implication on Theory, Policy and Practice.....	58
REFERENCES.....	60
APPENDICES	71
APPENDIX I: Cover Letter	71
APPENDIX II: Interview Guide.....	72

Abstract

Much of the previous research into the challenges to strategy implementation mechanism has concentrated generally on developed countries. Not much known local study has focused on the challenges facing the implementation of strategies adopted by local authorities in Kenya. This study therefore sought to fill the existing research gap by carrying out a case study on the challenges facing the implementation of strategies adopted by the city council of Nairobi for effective revenue collection. This research was conducted through a case study. The target population of this study was the managerial staff working in the city council of Nairobi. This paper utilized an interview guide used in various previous research projects. This study collected qualitative data using a self-administered interview guide. The response received was analyzed by content analysis. From the findings, the study established from most respondents that the challenges facing the implementation of strategies adopted by the city council of Nairobi for effective revenue collection are better resolved for performance to improve to a very great extent. The study further established that most of the respondents were in agreement that the challenges facing the implementation of strategies adopted by the city council of Nairobi for effective revenue collection is a comprehensive important measurement and there needs to be mitigation methods to be used for various organizations hence much important if strategy is effectively implemented and utilized. This study therefore recommends that in order to avoid many impediments, the city council of Nairobi should make sure that its strategy implementation is sufficient to enable administration, credit and financial management.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Implementation of strategies is concerned with putting strategy into practice. It is described by Giles (1991) as the execution of tactics both internally and externally so that the organization moves in the desired strategic direction. The word strategy has entered the field of management quite recently (Eisenstat, 1993). At first the word was used in military science to mean what a manager does to offset actual or potential actions of competitors. A few people still use the word in the same sense (Andrews, 1971).

The word strategy was derived from Greek “Strategos”, which means generalship (Ansoff, 1999). Strategy therefore means the art of the General. In management, the word strategy is taken more broadly. However, various experts do not agree on the precise scope of strategy (Fuerer, 1997). There are as many definitions of strategy as there are the experts. Lack of unanimity has resulted in two broad categories of definitions; strategy as action inclusive of objective setting and strategy as action exclusive of objective setting, Rai University (2007).

Johnson and Scholes (2002) give the most basic definition of strategy as the long term direction of an organization and the types of actions required to achieve the objectives. They also define it as the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill the stakeholders’ expectations. In 1965, Professor

Ansoff a well-known authority in the field of strategic management defined strategy as the common thread among the organizations activities and product markets, that defines the essential nature of business that the organization was planned to be in future. Ansoff and MacDonell (1990) on the other hand defined strategy as a unified, comprehensive and integrated plan designed to assure that the basic objectives of the enterprise are achieved.

The three adjectives that Ansoff used make the definition quite adequate. ‘Unified’ means that the plan joins all parts of an enterprise together; ‘comprehensive’ means it covers all the major aspects of the enterprise, and ‘integrated’ means that all the parts of the plan are compatible with each other, (Rai University 2007).

1.1.1 Strategy Implementation

Strategy implementation requires an integrative point of view. Not only the organizational structure, but cultural aspects and the human resources perspective are to be considered as well. An implementation effort is ideally a boundary less set of activities and does not concentrate on implications of only one component, e.g. the organizational structure (Rapa and Kauffman, 2005).

It is of great importance to integrate soft facts as well in the reflection of the implementation process. It is the consideration of soft and hard facts together that ascertains that cultural aspects and human resources receive at least the same status as organizational aspects. Altogether, such an integrative interpretation allows an important scope of development for implementation activities (Rapa and Kauffman, 2005).

According to Ansoff and MacDonnell (1990), Strategy is a set of decision-making rules for guidance of organization behaviour. They further argue that strategy is illustrative and somewhat abstract concept. Its formulation typically produces no immediate productive action in a firm. It is an expensive process both in terms of money and managerial time. Paul (1996) opines that the core of general management is strategy, which he elaborates as “developing and communicating the council’s unique position, making trade-offs and forging fit among activities, (Rai University 2007).

Municipal revenue is about the revenue decisions of municipal government. Revenue is income that a municipal government receives from its normal business activities, usually from the sale of goods and services to customers (Goold, 1991). The sources of revenue for municipal government vary across countries but generally includes taxes, users fees, fines, licenses/permits, rent, investments, access and miscellaneous. It may also include borrowings, changes in developers and public private partnership.

1.1.2 Challenges Facing Strategy Implementation

According to Lippitti (2007), when strategy fails to achieve expected results it is often because the strategy execution was flawed. The failure to execute is a major concern of executives because it limits organizational growth, adaptability, and competitiveness. Executives are not judged by the brilliance of their strategy, but by their ability to implement it (Goold, 1990). The challenge is how to close the gap between strategy and actual results. (Lippitti, 2007).

Lepsinger (2006) similarly argues that true leaders have a clear vision and are 100% committed to pursuing it but something often goes wrong as the leaders try to bring their vision to life. He calls this the “strategy-execution gap”. Pryor I, *et al* (2007), stated that without coherent, aligned implementation, even the most superior strategy is useless. Unfortunately, most strategic planning efforts fail during this crucial phase wasting significant resources already invested.

Strategy process has been characterized as being highly complex, politically laden, affecting large parts of an organization and driven by the upper level managers, Hamel & Prahalad (1994). Lippitti (2007) argues that in the rush to act on strategy, too little attention is paid to finding the best implementation initiatives. Shortcuts such as repackaging existing projects which appear to support the new strategy, cannot work because while strategic plans can be copied, execution cannot be duplicated (Hill, 2001).

Execution must address the intangibles of cross functional integration, reward systems, and cultures as well as the tangibles captured in most planning documents. For many firms, false starts, delays and confusion characterize implementation. According to Pearce and Robinson (2003), an organizational structure is the division of tasks for efficiency and clarity of purpose, and coordination between interdependent parts of the organization to ensure organizational effectiveness. Structure balances the need for specialization with need for integration. It provides a formal means of decentralizing and centralizing organizational and control needs with the strategy. An organization structure is necessary if strategic purpose is to be accomplished. Thus, organizational structure is a major priority in implementing a carefully formulated strategy.

If activities, responsibilities and interrelationships are not organized in a manner that is consistent with the strategy chosen, the structure is left to evolve on its own. If the structure and the strategy are not coordinated, this may result in inefficiencies, misdirection, and fragmented efforts. Rantakyro (2000) argues that to implement the chosen strategies, there are many important decisions to make such as how to structure the council.

The organizational structure has to support the strategies (Johnson, 1998). Structuring the organization involves decisions about how to coordinate activities, relationships, and communication among the internal stakeholders. The organization can be structured by focusing on functionality, products, markets, projects or cooperation (Johnson, 2002).

1.1.3 Local government authorities in Kenya

Local Authorities in Kenya is created under CAP 265 of the laws of Kenya. It is part of the government and is fairly autonomous in nature. Under the same Act the minister for local government has powers to supervise the local authorities. For instance the minister approves local authority revenue sources, budgets, and can dissolve a council and appoint a commission if it is justified (Judson, 1991).

Overall the minister of local government is responsible for ensuring that local authorities have the institutional and policy framework, systems, and capacity to effectively provide the required local services in a responsible, efficient, accountable, and transparent manner. The challenge for local government in Kenya is to keep the cities economically viable by delivering a high level of services.

1.1.4 The Nairobi City Council

The Nairobi city council, CCN, was brought into being by a royal charter by King George the sixth. It was given status of municipal in 1935 and was elevated to city status in 1950. The literature review was to enable me know what has been done concerning management practices that implement strategy on revenue collection, the achievements that have been made and challenges that should be reviewed by the study.

The city council of Nairobi is a legal entity created by an act of parliament cap 265 of the laws of Kenya and local government act. Its main function is to deliver services to the residents of Nairobi and maintain it. These services include water and sewerage, education, infrastructure, city planning and development control, public and medical health services, social services, welfare, youth, markets, trading and housing services, roads, passages and street lighting services.

CCN derives its legal mandate from the local government act (Cap 265) of the laws of Kenya amongst other acts of parliament that augment its diverse core functions and priorities. These priorities are contained in various policy and planning documents such as the national development plans, poverty reduction strategy paper and Economic Recovery Strategy (ERS) for wealth and employment creation in the medium term and Kenya's vision 2030 and the millennium Development Goals (MDG's) in the long term (GOK 2007 Kenya vision 2030). The revenue structure of the Nairobi City Council (NCC) has not been as productive as desired.

Too often the growth in revenue has failed to catch up with government spending pressures, a situation that has occasioned huge imbalances between the demand and supply of public budgetary resources (GOK 2007 Kenya vision 2030). The NCC has then had to ask the local authorities to reform their tax structures with the general objectives of revenue adequacy, economic efficiency, equity and fairness and simplicity (Osoro, 1993).

The government has been concerned about the escalating below standard performance of the Nairobi City Council and has instituted reforms to them which have costed the government huge resources. New forms of leadership, institutional reforms and local networks are required for the Nairobi City Council to cope with emerging trends and challenges of urbanization (Kaplan, 2001).

The NCC is blamed for poor planning of their mandate of revenue improvement, infrastructure and service delivery to residents (GOK 2007 Kenya vision 2030). Revenue collection has become an issue in local authorities because of the financial problems they have been experiencing such as salary delay and difficulties in honoring their obligations as and when they fall due (Kenny, 2003). The Nairobi City Council has been lacking funds to facilitate delivery of some essential services such as fire control and garbage collection in various towns (GOK 2007 Kenya vision 2030).

The minister of local government, under which the Nairobi City Council sits, has incessantly proposed for some NCC employees to be retrenched in local Authorities in order to reduce their wage bill (Kiptugen, 2003). The above mentioned concerns are indicators that the Nairobi City Council still falls behind in revenue collection (MOLG

2006, Strategic plan). Over the last twenty years, Kenya has increased the powers and responsibilities of the NCC but has not matched those responsibilities with revenues at the local level. Not only does the Nairobi City Council depend heavily on intergovernmental transfers but also their own revenue sources are inadequate (MOLG 2006, Strategic plan).

City Councils in less developed countries faces even greater challenges when it comes to implementing strategies for effective revenue collection (Dirie, 2005). The possible challenge facing the implementation of strategies adopted for revenue collection in the Nairobi City Council may include a number of things. First, the Nairobi City Council revenue base is often weak, especially when compared to the revenue base of the local authorities or central government thus have difficulty in hiring strategy consultants (Lorange, 1998).

Secondly, it does not concentrate on the activities that generate its own viable revenues (MOLG 2006, Strategic plan). For example, property taxes are difficult to administer and collect (Bird and Slank, 2004). Thirdly, the NCC often have little or no control over the tax rates it can levy and therefore cannot implement strategies that involve change in tax rates if any (GOK 2007 Kenya vision 2030). It is the minister of local government who has the power over the taxes the Nairobi City Council can levy (GOK 2007 Kenya vision 2030). Fourthly, there is the little or no use of Information and Communication Technology. Some departments of the Nairobi City Council have not computerized its operations thus affecting its revenue collection strength (MOLG 2006, Strategic plan). Fifthly, an organizational structure not aligned to the objectives of the NCC.

There is no central department which coordinates strategy implementation to ensure that revenue collection is efficient and effective (GOK 2007 Kenya vision 2030). The main factors that may contribute to improved strategy implementation for effective revenue collection include changes in tax legislation, computerization of all NCC functions, operationalizing each department to match overall strategies and department strategies as well as concentrating on core activities that are more viable, outsourcing the ones that are not viable for the NCC (GOK 2007 Kenya vision 2030), (Sirkin *et al*, 2005).

Walt Dulaney (2004) conducted a longitudinal examination of business growth and cumulative revenue performance and he found that companies with powerful business platforms outperformed peers in cumulative revenue growth over a 15 years period. He concludes that business platforms can be means for organizational renewal, continuum innovation and sustainable success.

The Nairobi City Council has turned to the private sector to deliver and fund public sector services through explicit public-private partnerships. An example of this would be approaching different private companies to fund the landscaping of different areas in the municipality (GOK 2007 Kenya vision 2030). The rationale for private involvement in the delivery of local public service is the lack of funds and the need to improve the efficiency and effectiveness of delivery (GOK 2007 Kenya vision 2030).

1.2 Research Problem

Strategy implementation or strategy execution task is easily the most complicated and time consuming part of strategic management, Schaap (2006). While strategy formulation is primarily an intellectual and creative act involving analysis and synthesis, implementation is a hands-on operation and action oriented human behavioral activity that calls for executive leadership and key managerial skills. In addition, implementing a newly crafted strategy often entails a strategy in corporate direction and frequently requires a focus on effecting strategic strategy, Schaap (2006).

The Nairobi City Council of Nairobi is mandated to provide public services, initiate infrastructure development and undertake basic administrative tasks including creating an environment for its stakeholders to participate in economic activities which are stimulants of economic development. In order to perform these duties the city council is authorized to mobilize revenue collection from local sources for sustainable methods of municipal finance. The ideal situation is that there must be enough revenue to make the council meet its daily financial obligations and spend on the right priorities (GOK 2007 Kenya vision 2030).

Strategy turned into operation may ensure that the Nairobi City Council remains commercially viable. The real situation is that not enough revenue is generated by the council to run its daily operations. Financial institutions are complaining of nonpayment of overdrafts advanced to the council. Statutory institutions are complaining of no remittance of statutory deductions.

Workers are complaining of delayed salaries and pensioners of no remittance of their terminal benefits to the local Authorities pension trust fund. Many studies done in the city council of Nairobi has not focused at the challenges facing the implementation of strategies adopted by the city council of Nairobi for effective revenue collection given that revenue is the back bone of any organization. Mituhallah (2007) conducted a research on revenue sources in city council of Nairobi. Kingoina (2007) conducted a study on management of strategic change practices on performance contract and Rapid Result.

Mwangi (2008) conducted a study on factors influencing local Authority tax compliance. Munge (2005) conducted a research on the challenge facing the implementation of strategies adopted for provision of quality services. Otieno (2006) conducted a research on service delivery to Nairobi residents. It is evident that these studies did not focus on the challenges facing the implementation of strategies adopted by the city council of Nairobi for effective revenue collection thus creating a knowledge gap. Therefore there is need to formulate studies to provide an understanding on the challenge facing the implementation of strategies adopted for revenue collection in city council of Nairobi to bridge the study gap that exists.

In view of the above the main purpose of the study is to assess the challenges facing the implementation of strategies adopted by the city council of Nairobi for effective revenue collection. Due to lack of revenue Nairobi city council is blamed on almost all areas of what it is mandated to do. The existing revenue collection administration is generally inefficient and what is collected has, in some cases, been inappropriately apportioned.

1.3 Research Objectives

The overall objective of this study is to find out the challenges facing the implementation of strategies adopted by the city council of Nairobi for effective revenue collection.

1.4 Value of the Study

The research findings are expected to contribute to a better understanding of strategic management implementation with a bias to stakeholder's theory. The study findings was also enable organizations better understand that an organization's clear policy execution must address the intangibles of cross functional integration, reward systems, and cultures as well as the tangibles captured in most strategic planning documents.

The study will attempt to answer two core questions; first, what is the purpose of the firm. Secondly, practices holds what responsibility does management have to stakeholders, hence pushes managers to articulate how they want to do the business. Specifically the kind of relationships they want and need to create with their stakeholders to deliver on their purpose.

Finally, the research findings will contribute to a better understanding of promoting strategic thinking among the managers of the NCC when addressing understanding of strategic management implementation in an increasingly competitive environment. The research will form a basis for further research in this area among academics and lastly, the study will form a reference in the field of strategic management within its core concepts of strategic responses to environmental changes.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is concerned with the review of pertinent literature. It covers both theoretical and empirical literature. Theoretical literature focuses on the strategy implementation challenges and the capacity to adapt to the rapid changes in the environment on time. On the other hand, empirical literature lays emphasis on findings of empirical studies on the performance of entities.

2.2 Theoretical review of Strategy Implementation

The general purpose of revenue in any organization is to meet the cost of operations. The revenue of an organization is affected by the economic resources that it controls and its capacity to adapt to the rapid changes in the environment on time (Lynch, 1995). Thus the revenue may affect the performance of an entity. Each of the separate theories discussed shades some light on the same aspect of revenue.

Stakeholder theory begins with the assumption that value is necessarily and explicitly a part of doing business. It asks managers to articulate the shared sense of the value they create and what brings its core stakeholders together (Langfield, 1997). It also pushes managers to be clear about how they want to do business, specifically what kinds of relationships they want and need to create with stakeholders to deliver on their purpose.

The focus of stakeholder theory is articulated in two core questions (Freeman, 1994). First, it asks, what is the purpose of the firm? This encourages managers to articulate the shared sense of the value they create, what brings its core stakeholders together. This propels the firm forward and allows it to generate outstanding performance, determined both in terms of its purpose and market place financial metrics (Kenny, 2003). Secondly, stakeholder theory asks, what responsibility does management have to stakeholders? This pushes managers to articulate how they want to do the business.

Specifically the kind of relationships they want and need to create with their stakeholders to deliver on their purpose. Many firms have developed and run their businesses in terms highly consistent with stakeholder theory (Kaplan, 2004). Systems Theory is the trans-disciplinary study of the abstract organization of phenomena, independent of their substance, type or spatial or temporal scale of existence (Kaplan, 1993). They emphasized that real systems are open to, and interact with their environments, and they can acquire qualitatively new properties through emergence, resulting in continual evolution (Kaplan, 2005).

Rather than reducing an entity to the properties of its parts or elements, systems theory focuses on the arrangement of and relations between the parts which connect them into a whole (Kamanda, 2006). Systems analysis developed independently of systems theory, applies systems principles to aid a decision-maker with problems of identifying, reconstructing, optimizing, and controlling a system while taking into account multiple objectives, constraints and resources (Jauch, 1984). It aims to specify possible courses of action, together with their risks, costs and benefits.

2.3 Empirical review

Mituhallah (2007) conducted a research on revenue sources in Nairobi city council using descriptive research design. She found out that revenue sources such as Neon signs, Bill boards, advertisements, plans, Approvals, Public Health, Single business permit, Displays, Rates and Rents can generate enough revenue; she also found out that political interference is contributing 60% of revenue miss-management. She recommended that financial management can make city council of Nairobi self-sustaining even without LATF.

Munge (2005) conducted research on challenge facing the implementation of strategies adopted for provision of quality services in local authorities. He found out that interference from civil leaders and members of parliament is a serious factor affecting provision of quality services and revenue collection management (Johnson, 1998).

Mwangi (2008) conducted a study on factors influencing local authority tax compliance. He noted that under reporting and under payment is the most prevalent form of tax non-compliance.

Tax procedures are complex citing multi-stages approvals, bureaucracy and red-tape in administrative , which creates room for corruption. He also recommended Discount rates for early payments and consideration of tax amnesty for those that have not been compliant so as to bring more of them into the Tax net. According to Kanter (1997), management of revenue was require tuning into the environment challenging assumptions, crafting a vision, using diplomatic skills to get favorable responses.

Anassi (2004) conducted a study on corruption on local Authorities. He found out that corruption in local Authorities has reached unprecedented level and that it is at the local authorities that it is at the local Authorities that nepotism, tribalism, are manifested. He also found out that corruption has undermined efforts to make these institutions democratically governable and effective. Kingoina (2007) conducted a study on management of strategic change practices on performance contract and rapid results initiative. He found out that performance contract together with Rapid Results

2.4 Strategy Implementation Process

The main functions of strategic management have been explained by Robbins and Coulter (1996) as identifying the organization's current mission, objectives, and strategies, analyzing the environment, identifying the opportunities and threats, analyzing the organization's resources, identifying the strengths and weaknesses, formulating and implementing strategies, and evaluating results (Decoene, 2006).

Strategic decisions determine the organizational relations to its external environment, encompass the entire organization, depend on input from all of functional areas in the organization, have a direct influence on the administrative and operational activities, and are vitally important to long-term health of an organization (Shirley, 1982). According to Schermerhorn (1989), strategies must be well formulated and implemented in order to attain organizational objectives. Schermerhorn (1989) determined that the strategy implementation process included the many components of management and had to be successfully acted upon to achieve the desired results.

Moreover, the critical point is that effective and successful strategy implementation depends on the achievement of good “fits” between the strategies and their means of implementation. Robbins and Coulter (1996) have taken into consideration that no matter how effectively a company has planned its strategies, it could not succeed if the strategies were not implemented properly. Harrison (1996) also clarified that the more ineffective the top management decisions, the more ineffective are the choices made at lower levels of management.

Similarly, if top management's strategic choices tend to be successful, it reflects favorably on choices made in other parts of the organization. Simons and Thompson (1998) refer to three categories of factors that affected strategic decision-making process: environmental factors; organizational factors; and decision-specific factors. Here, environmental factors mean external agents such as national culture, national economic conditions, and industry conditions. Organizational factors refer to organizational structure, organizational culture, structure of decision making board of directors, impact of upward influence, and employee involvement. Decision-specific factors can be explained as time, risk, complexity, and politics.

According to Porter (1979) strategists must assess the forces affecting competition in their industry and identify their company's strengths and weaknesses, then strategists can devise a plan of action that may include first, positioning the company so that its capabilities provide the best defense against the competitive force; and/or second, influencing the balance of the forces through strategic moves, thereby improving the company's position.

Beer et al. (1990), and Woolridge and Floyd (1990) emphasized that the strategy implementation could be more difficult than thinking up a good strategy. Harrison and Pelletier (1998) explained that the real value of a decision surfaced only after the implementation of a decision. In other words, it will not be enough to select a good decision and effective results will not be attained unless the decision is adequately implemented. Hitt and Tyler (1991) argued that it was essential that strategic level manager's demographic characteristics should have been examined for the formulation and implementation of strategic decisions.

Wessel (1993) stated that there were mostly individual barriers to strategy implementation such as too many and conflicting priorities, insufficient top team functions, a top down management style, inter-functional conflicts, poor vertical communication, and inadequate management development. Eisenstat (1993) pointed out that most companies trying to develop new organization capacities failed to get over these organizational hurdles: competence, co-ordination, and commitment.

Sandelands (1994) indicated that there were difficulties to conjecture the commitment, time, emotion, and energy needed to translate plans into action. Lingle and Schieman (1994) stated that market, people, finance, operation, adaptability, and environmental factors play a vital role to long-term successful strategy implementation. Christensen and Donovan (1998) mentioned that intended strategies would be implemented as they have been envisioned if three conditions were met. First, those in the organization must understand each important detail in management's intended strategy.

Second, if the organization is to take collective action, the strategy needs to make as much sense to each of the members in the organization as they view the world from their own context, as it does to top management. Finally, the collective intentions must be realized with little unanticipated influence from outside political, technological, or market forces. Peng and Litteljohn (2001) noted two dimensions of strategy implementation: structural arrangements, and the selection and development of key roles. According to Govindarajan (1989), effective strategy implementation is affected by the quality of people involved in the process.

Peng and Litteljohn (2001) claimed the quality of people as skills, attitudes, capabilities, experiences and other characteristics required by a specific task or position. McKinsey's (1982) model describes the seven factors critical for effective strategy execution. The 7-S model identifies the seven factors as strategy, structure, systems, staff, skills, style/culture, and shared values. Strategy is the plan of action an organization prepares in response to, or anticipation of, changes in its external environment.

Strategy is differentiated by tactics or operational actions by its nature of being premeditated, well thought through and often practically rehearsed. It deals with essentially three questions, (1) where the organization is at this moment in time, (2) where the organization wants to be in a particular length of time and (3) how to get there. Thus, strategy is designed to transform the firm from the present position to the new position described by objectives, subject to constraints of the capabilities or the potential. (Kaplan, 2005). Structure refers to the way in which tasks and people are specialized and divided and how authority is distributed, (Kaplan, 2005).

Organizations are structured in a variety of ways, dependent on their objectives and culture. The structure of the company often dictates the way it operates and performs (Waterman et al., 1980). Traditionally, the businesses have been structured in a hierarchical way with several divisions and departments, each responsible for a specific task such as human resources management, production or marketing. Many layers of management controlled the operations, with each answerable to the upper layer of management. Although this is still the most widely used organizational structure, the recent trend is increasingly towards a flat structure where the work is done in teams of specialists rather than fixed departments.

The idea is to make the organization more flexible and devolve the power by empowering the employees and eliminate the middle management layers (Boyle, 2007). Systems refer to the formal and informal procedures used to manage the organization, including management control systems, performance measurement and reward systems, planning, budgeting and resource allocation systems, and management information systems (Kaplan, 2005). Every organization has some systems or internal processes to support and implement the strategy and run day-to-day affairs. These processes are normally strictly followed and are designed to achieve maximum effectiveness.

Traditionally organizations have been following a bureaucratic-style process model where most decisions are taken at the higher management level and there are various and sometimes unnecessary requirements for a specific decision (for example, procurement of daily use goods) to be taken. Increasingly, organizations are simplifying and modernizing their process by innovation and use of new technology to make the decision quicker.

Special emphasis is on the customers with the intention to make the processes that involve customers as user friendly as possible (Lynch, 2005). Staff refers to the people, their backgrounds and competencies; how the organization recruits, selects, trains, socializes, manages the careers, and promotes employees. (Kaplan, 2005). Organizations are made up of humans and it's the people who make the real difference to the success of the organization in the increasingly knowledge-based society.

The importance of human resources has thus got the central position in the strategy of the organization, away from the traditional model of capital and land. All leading organizations such as IBM, Microsoft, Cisco, etc put extraordinary emphasis on hiring the best staff, providing them with rigorous training and mentoring support, and pushing their staff to limits in achieving professional excellence, and this forms the basis of these organizations strategy and competitive advantage over their competitors. It is also important for the organization to instill confidence among the employees about their future in the organization and future career growth as an incentive for hard work (Purcell and Boxal, 2003).

Skills refer to the distinctive competencies of the organization; what it does best along dimensions such as people, management practices, processes, systems, technology, and customer relationships (Kaplan, 2005). Style/culture refers to the leadership style of managers – how they spend their time, what they focus attention on, what questions they ask of employees, how they make decisions; also the organizational culture (the dominant values and beliefs, the norms, the conscious acts taken by leaders (Kaplan, 2005).

According to Graham (2007), all organizations have their own distinct culture and management style. It includes the dominant values, beliefs and norms which develop over time and become relatively enduring features of the organizational life. It also entails the way managers interact with the employees and the way they spend their time. Businesses have traditionally been influenced by the military style of management and culture where strict adherence to the upper management and procedures was expected from the lower-rank employees (Dressler, 2003). However, there have been extensive efforts in the past couple of decades to change the culture to a more open, innovative and friendly environment with fewer hierarchies and smaller chain of command (Ahn, 2001).

Culture remains an important consideration in the implementation of any strategy in the organization (Martins et al, 2003). Lastly, shared values refer to the core or fundamental set of values that are widely shared in the organization and serve as guiding principles of what is important; vision, mission, and values statements that provide a broad sense of purpose for all employees (Kaplan, 2005). All members of the organization share some common fundamental ideas or guiding concepts around which the business is built. This may be to make money or to achieve excellence in a particular field.

These values and common goals keep the employees working towards a common destination as a coherent team and are important to keep the team spirit alive. The organisations with weak values and common goals often find their employees following their own personal goals that may be different or even in conflict with those of the organization or their fellow colleagues (Martins and Terblanche, 2003).

The 7-S model posits that organizations are successful when they achieve an integrated harmony among three “hard” “S’s” of strategy, structure, and systems, and four “soft” “S’s” of skills, staff, style, and super-ordinate goals (now referred to as shared values). The hard components are the strategy, structure and systems which are normally feasible and easy to identify in an organization as they are normally well documented and seen in the form of tangible objects or reports such as strategy statements, corporate plans, organizational charts and other documents. (Kaplan, 2005).

The remaining four, however, are more difficult to comprehend. The capabilities, values and elements of corporate culture, for example, are continuously developing and are altered by the people at work in the organization. It is therefore only possible to understand these aspects by studying the organization very closely, normally through observations and/or through conducting interviews. Some linkages, however, can be made between the hard and soft components. For example, it is seen that a rigid, hierarchical organizational structure normally leads to a bureaucratic organizational culture where the power is centralized at the higher management (Waterman et al., 1980).

According to Drazin et al, (1984), it is also noted that the softer components of the model are difficult to change and are the most challenging elements of any change-management strategy. Changing the culture and overcoming the staff resistance to changes, especially the one that alters the power structure in the organization and the inherent values of the organization, is generally difficult to manage. However Boyle, (2007) suggests that if these factors are altered, they can have a great impact on the structure, strategies and the systems of the organization.

Over the last few years, there has been a trend to have a more open, flexible and dynamic culture in the organization where the employees are valued and innovation encouraged. This is, however, not easy to achieve where the traditional culture has been dominant for decades and therefore many organizations are in a state of flux in managing this change Lynch and Cross (1995) identify three criteria that must be met by performance management systems if they are to effectively mediate between an organization's strategy and its day-to-day activities (Waterman et al.,1980).

These "necessary" conditions comprise: that the system must explicitly link operational targets to strategic goals; it must integrate financial and non-financial performance information; and the system should focus business activities on meeting customer requirements. It is asserted that the balanced scorecard model fundamentally meets all of these criteria by providing a "truly strategic control system" (Mooraj et al., 1999, p. 486) that "puts strategy and vision at the centre" (Kaplan and Norton, 1992, p. 79).

Successful strategy implementation, it is suggested, requires sound mechanisms for directing activity and behaviour Goold (1991). This would including effective communication systems as well as appropriate strategic and management controls. The balanced scorecard's four perspectives as manifested in Kaplan and Norton's (2004, p. 10) strategy maps provide "a level of granularity that improves clarity and focus" thereby creating clear direction and, potentially, through the development and publishing of the strategy map, facilitate understanding and coordination across the organization.

The importance of enabling sound “two-way” communications within organisations is seen as fundamental to the effective implementation of strategy (Rapert et al., 2002), with a particular emphasis on facilitating useful feedback and “bottom-up” messages (Otley, 1999). The process of creating an organisational balanced scorecard essentially commences with a full strategic appraisal and the clear articulation of the organization’s strategic vision and objectives (Kaplan and Norton, 1992; Atkinson and Brander Brown, 2001), this process can in itself can build consensus and engender learning which can be of enormous value (Neely et al., 2000).

Through this process of definition and communication of core values throughout an organization, moreover, the Balanced Scorecard provides an effective “boundary” control system (Mooraj et al., 1999). Then, as the balanced scorecard approach makes explicit the “cause and effect” of a strategy, it also usefully converts strategic aims into tangible objectives and measures (Brander Brown and McDonnell, 1995; Kaplan and Norton, 1996b; Martinson et al., 1999). This stage, moreover, if the scorecard is implemented participatively with measures identified and targets set cooperatively rather than imposed.

Decoene et al, (2006), actively supports organisational learning and reflection, which encourages “interactive” control through the testing of “cause and effect” relationships (Mooraj et al., 1999). This also enables front line managers to have a “basis for selecting among the diverse opportunities they might face” (Bartlett and Goshal, 1996, p. 39) and resisting the distraction of other activities (Alexander, 1985; Beer and Eisenstat, 2000).

There are also less obvious benefits of implementing a scorecard. The process of building and utilizing the scorecard provides an opportunity to identify priorities and reconcile different stakeholder demands as well as enhancing strategic feedback and learning (Denton and White, 2000), thus also enabling effective “diagnostic” control (Simons, 1994) through the monitoring of financial and other “lag” indicators against pre-set targets (Mooraj et al., 1999).

In addition to substantially meeting Lynch and Cross' (1995) necessary conditions, the balanced scorecard appears to offer a range of additional attributes that may also support successful strategy implementation. It has been shown that the keys to enabling such communications are an organisation's “middle managers” who have been shown to play “a pivotal role” (Aaltonen and Ikåvalko, 2002, p. 417) and are viewed as strategic “actors” (Bartlett and Goshal, 1996) playing an important role in strategic transformation. The scorecard approach encourages the establishment of co-ordinated scorecards at every level of an organization which, when implemented properly, engage middle managers.

Such a process not only necessitates considerable active communication involving everyone within an organization (Alexander, 1985; Aaltonen and Ikåvalko, 2002), it also permits the useful integration of such scorecards with management and employee incentive programmes (Denton and White, 2000), potentially involving the development of individual/personal scorecards which can be positively utilized to align personal and organization goals and encourage “ownership” (Mooraj et al., 1999; Nørreklit, 2000).

Noble states that, “the degree of involvement across the organization appears to be a predictor of implementation success” (Noble, 1999, p. 132); the scorecard facilitates this involvement throughout the strategy implementation process. It is further suggested that the balanced scorecard approach should be viewed as a template not a strait-jacket (Kaplan and Norton, 1996, p. 34). Such a standpoint potentially offers organisations a considerable degree of flexibility to address their unique circumstances while still “pulling” management and employees in the core strategic direction (Ahn, 2001).

Kenny (2003) argues that strict adherence to the scorecards four perspectives cannot be appropriate. This adaptive capacity also assists the balanced scorecard to address Goold and Quinn's (1990) previously noted concerns regarding “matching” appropriate control mechanisms to different levels of environmental turbulence and an organization’s ability to identify and monitor its strategic objectives.

In this regard, Van Veen-Dirks and Wijn (2002) further propose that, additional flexibility (which is needed in rapidly changing market environments) can be provided by augmenting the balanced scorecard approach with critical success factors (CSFs). The explicit incorporation of such factors not only keeps attention focused on an organization’s critical strategic objectives (Kaplan and Norton, 1996), it also avoids the potential danger of management information overload (Brotherton and Shaw, 1996). Although there are some criticisms and “question marks” concerning the balanced scorecard approach, many of these seem to represent problems of practical application rather than fundamental flaws.

There is evidence to show that organizations approach to implementing a scorecard is maturing (Kenny, 2003) as the business community learns how to get the most out of this “important management tool” (Bourne et al., 2002) and that there is increasingly more guidance on establishing measures (Kaplan and Norton, 2004) and implementing a scorecard. Moreover, there is also evidence of the efficacy of the balanced scorecard framework for supporting strategy implementation by linking strategy to operations such that it is proposed that the balanced scorecard addresses many of the problems associated with strategy implementation. (Bourne et al., 2002)

2.5 Factors Affecting Strategy Implementation

The fatal problem with strategy implementation is the de facto success rate of intended strategies. In research studies it is as low as 10 percent (Judson, 1991). Despite this abysmal record, strategy implementation does not seem to be a popular topic at all. In fact, some managers mistake implementation as a strategic afterthought and a pure top-down-approach. Management spends most of its attention on strategy formulation. This can be documented by the focus on strategy formulation in strategic management literature.

To resolve this, strategic management should accomplish its very own shift of emphasis by moving from a 90:10 concern with strategy formulation relative to implementation to a minimum 50:50 proportion with each (Grundy, 1998). To overcome and improve the difficulties in the implementation context, Rapa and Kauffman (2005) compiled the following checklist of ten critical points.

2.5.1 Commitment of Top Management

The most important thing when implementing a strategy is the top management's commitment to the strategic direction itself. This is undoubtedly a prerequisite for strategy implementation. Therefore, top managers must demonstrate their willingness to give energy and loyalty to the implementation process. This demonstrable commitment becomes, at the same time, a positive signal for all the affected organizational members (Rapa and Kauffman, 2005).

To successfully improve the overall probability that the strategy is implemented as intended, senior executives must abandon the notion that lower-level managers have the same perceptions of the strategy and its implementation, of its underlying rationale, and its urgency. Instead, they must believe the exact opposite. They must not spare any effort to persuade the employees of their ideas (Rapa and Kauffman, 2005).

2.5.2 Involvement of Middle Manager's Valuable Knowledge

Strategy implementation is not a top-down-approach. Consequently, the success of any implementation effort depends on the level of involvement of middle managers. To generate the required acceptance for the implementation as a whole, the affected middle managers' knowledge (which is often underestimated) must already be accounted for in the formulation of the strategy. Then, by making sure that these managers are a part of the strategy process, their motivation towards the project will increase and they will see themselves as an important part in the process (Rapa and Kauffman, 2005).

Unfortunately, in practice, managers and supervisors at lower hierarchy levels who do have important and fertile knowledge are seldom involved in strategy formulation. When they are, however, the probability for realizing a smooth targeted and accepted strategy implementation process increases substantially. Research studies indicate that less than 5 percent of typical workforces understand their organization's strategy (Kaplan and Norton, 2001). This is a disturbing statistic as it is generally believed that, without understanding the general course of strategy, employees cannot effectively contribute to a strategy implementation.

To involve employees is an important milestone to make strategy everyone's everyday job. That is why the involvement of middle managers is essential to increase the general awareness of the strategy. The involvement of middle managers in the formulation, helps build consensus for the strategy. A lack in strategic consensus can limit a company's ability to concentrate its efforts on achieving a unified set of goals (Grundy, 1998).

2.5.3 The Role of Communication

At first look, the suggestion that communication aspects should be emphasized in the implementation process seems to be a very simple one. Even though studies point out that communication is a key success factor within strategy implementation (Miniace and Falter, 1996), communicating with employees concerning issues related to the strategy implementation is frequently delayed until the changes have already crystallized. In this context, it is recommended that an organization institute a two-way-communication program that permits and solicits questions from employees.

In addition to soliciting questions and feedback, the communications should tell employees about the new requirements, tasks and activities to be performed by the affected employees, and, furthermore, cover the reason (“the why”) behind changed circumstances. It is essential both during and after an organizational change to communicate information about organizational developments to all levels in a timely fashion. However, one may not misunderstand communication, or the sharing of information, as engagement the direct dialogue that produces active participants in the change process (Alexander, 1985).

The way in which a change is presented to employees is of great influence to their acceptance of it. To deal with this critical situation, an integrated communications plan must be developed. Such a plan is an effective vehicle for focusing the employees’ attention on the value of the selected strategy to be implemented (Rapa and Kauffman, 2005).

2.5.4 Integrative Point of View

Traditional strategy implementation concepts generally over-emphasize the structural aspects and reduce the whole effort down to an organizational exercise. It is dangerous, however, when implementing a new strategy, to ignore the other existing components. Strategy implementation requires an integrative point of view. Not only the organizational structure, but cultural aspects and the human resources perspective are to be considered as well. (Rapa and Kauffman, 2005).

An implementation effort is ideally a boundary less set of activities and does not concentrate on implications of only one component, e.g. the organizational structure. It is of great importance to integrate soft facts as well in the reflection of the implementation process. It is the consideration of soft and hard facts together that ascertains that cultural aspects and human resources receive at least the same status as organizational aspects. Altogether, such an integrative interpretation allows an important scope of development for implementation activities (Rapa and Kauffman, 2005).

2.5.5 Clear Assignment of Responsibilities

One of the reasons why strategy implementation processes frequently result in difficult and complex problems or even fail at all – is the vagueness of the assignment of responsibilities. In addition, these responsibilities are diffused through numerous organizational units. Cross-functional relations are representative of an implementation effort. This is indeed a challenge, because as already mentioned before organizational members tend to think only in their “own” department structures. This may be worsened by over-bureaucracy and can thus end up in a disaster for the whole implementation (Rapa and Kauffman, 2005).

In power struggle avoidance, one should create a plan with clear assignments of responsibilities regarding detailed implementation activities. This is a preventive way of proceeding. Responsibilities are clear and potential problems are therefore avoided (Rapa and Kauffman, 2005).

2.5.6 Preventive Measures Against Change Barriers

Change is part of the daily life within an organization. The ability to manage change has shown to be a core competency for corporations. A great challenge within strategy implementation is to deal with potential barriers of the affected managers. Implementation efforts often fail when these barriers are underestimated and prevention methods are not adopted at the beginning. One has to be aware that barriers against the implementation of the strategy can lead to a complete breakdown of the formulated strategy. (Rapa and Kauffman, 2005).

In psychology, much research is done about human barriers. The cause for these barriers is seen in affective and non-logical resistances, which are, in a way, incomprehensible because they come out of the subconscious of human beings. Barriers to implementing a strategy range from delay to outright rejection. By changing the way they view and practice strategy implementation, senior executives can effectively transform change barriers into gateways for a successful execution, (Rapa and Kauffman, 2005).

2.5.7 Teamwork

Teamwork plays an important role within the process of strategy implementation. When it comes down to implementation activities, however, it is often forgotten. It is indisputable, that teams can play an important part to promote the implementation (Rapa and Kauffman, 2005). To build up effective teams within strategy implementation the Myers-Briggs typology can be useful to ascertain person-to-person differences.

Differences in personality can result in serious inconsistencies in how strategies are understood and acted on. Recognizing different personality types and learning how to handle them effectively is a skill that can be taught. Over one million surveys are performed each year in corporate settings for team building and management development. More than any other field of activity, implementation is the area that benefits most from a trained and personality-sensitive management team (Noble, 1999).

2.5.8 Individuals' Differences

Human resources represent a valuable intangible asset. Latest study research indicates that human resources are progressively becoming the key success factor within strategy implementation. In the past, one of the major reasons why strategy implementation efforts failed was that the human factor was conspicuously absent from strategic planning (Lorange, 1998). This leads to a dual demand (Rapa and Kauffman, 2005).

First, considerations regarding people have to be integrated into considerations about strategy implementation in general. Second, the individual behavior of these persons is to be taken into account. Individual personality differences often determine and influence implementation. The difference of individuals requires, as a consequence, different management styles. For the purpose of strategy implementation it is desirable to create a fit between the intended strategy and the specific personality profile of the implementation's key players in the different organizational departments (Rapa and Kauffman, 2005).

2.5.9 Supportive implementation instruments

To facilitate the implementation in general implementation instruments should be applied to support the processes adequately. Two implementation instruments are the balanced scorecard and supportive software solutions (Rapa and Kauffman, 2005). The balanced scorecard is a popular and prevalent management system that considers financial as well as non-financial measures. Moreover it provides a functionality to translate a company's strategic objectives into a coherent set of performance measures (Kaplan and Norton, 1993).

When it comes to meeting the criteria of a strategy implementation instrument, there is an excellent fit. The individual character of each balanced scorecard assures that the company's strategic objectives are linked to adequate operative measures. As a consequence, it provides even more than a controlling instrument for the implementation process. The balanced scorecard provides a framework to integrate the strategic planning and meets the requirements that the strategic planning system itself can display (Rapa and Kauffman, 2005).

In the context of implementing strategies, the application of software solutions seems to be neglected. Recent experience has shown that IT-support is gaining more and more importance. Information tools must be available and adequate to allow strategic decision makers to monitor progress toward strategic goals and objectives, track actual performance, pinpoint accountability, and most important provide an early warning of any need to adjust or reformulate the strategy (Rapa and Kauffman, 2005).

Unfortunately, this seems to be limited to enterprise resource planning (ERP) systems, which are prevalent in the operative environment of a company's day-to-day business. The strategy implementation perspective demands systems with different criteria than those of conventional systems. The supportive character in monitoring and tracking the implementation process should be in the center of interest (Rapa and Kauffman, 2005).

In the past, these activities were tracked manually or launched on an ad hoc basis so that there was a lack in mandatory installed business processes. The supportive application of adequate software solutions can be more than helpful to improve the quality of strategy implementation. In addition to that, a software solution is a starting point to define as mentioned above clear assignments of responsibilities throughout the organization's implementation processes (Rapa and Kauffman, 2005).

2.5.10 Buffer Time for Unexpected Incidents

One of the most critical points within strategy implementation processes is the exceeding of time restrictions. This can be attributed to an underestimation on the part of many executives who do not have a clearly focused view on the complexities involved in implementing strategies and on the general process to deal with these multifaceted complexities. One has to find out the time- intense activities and harmonize them with the time capacity. One method for accomplishing this is to work with the affected divisions and the responsible managers (Rapa and Kauffman, 2005).

In addition to calculating the probable time frame an extra buffer should be calculated to account for unexpected incidents that might occur at any time. Basically, it is difficult enough to identify the necessary steps of the implementation. It is even more difficult to estimate an appropriate time frame. (Rapa and Kauffman, 2005).

2.5 Challenges facing Strategy Implementation in organizations

The importance of enabling sound “two-way” communications within organizations is seen as fundamental to the effective implementation of strategy (Rapert et al., 2002), with a particular emphasis on facilitating useful feedback and “bottom-up” messages (Otley, 1999). The process of creating an organizational balanced scorecard essentially commences with a full strategic appraisal and the clear articulation of the organization’s strategic vision and objectives (Kaplan and Norton, 1992; Atkinson and Brown, 2001), this process can in itself can build consensus and engender learning which can be of enormous value (Neely et al., 2000).

Successful strategy implementation, it is suggested, requires sound mechanisms for directing activity and behavior of employees towards performance, Goold (1991), especially including effective communication systems as well as appropriate strategic and management controls. The balanced scorecard's four perspectives as manifested in strategy maps provide “a level of granularity that improves clarity and focus” thereby creating clear direction and, potentially, through the development and publishing of the strategy map, facilitate understanding and coordination across the organization, Kaplan and Norton's (2004, p. 10)

Through this process of definition and communication of core values throughout an organisation, moreover, the Balanced Scorecard provides an effective “boundary” control system (Mooraj et al., 1999). The process of building and utilizing the scorecard provides an opportunity to identify priorities and reconcile different stakeholder demands as well as enhancing strategic feedback and learning (Denton and White, 2000) thus also enabling effective “diagnostic” control (Simons, 1994) through the monitoring of financial and other “lag” indicators against pre-set targets (Mooraj et al., 1999).

In addition to substantially meeting Lynch and Cross (1995) necessary conditions, the balanced scorecard appears to offer a range of additional attributes that may also support successful strategy implementation. Pearce and Robinson (2003) argue that, while structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution.

According to Bourgeois and Brodwin (1984), within the organizational structure, individuals, groups and units are the mechanisms of organizational action, and the effectiveness of their actions is a major determinant of successful implementation. In this context, two basic factors encourage or discourage effective action-leadership and culture. Two leadership issues of fundamental importance here are the role of the Chief Executive Officer (CEO) and the assignment of key managers. One practical consideration in making key managerial assignments when implementing strategy is whether to emphasize current (or promotable) executives, or bring in new personnel. This is obviously difficult, sensitive and a strategic issue (Hambrick and Cannella, 1989).

Pearce and Robinson (2003), continue to postulate that, culture is a set of important assumptions (often unstated) that members of an organization share in common. These shared assumptions (beliefs and values) among members of an organization set a pattern for activities, opinions and actions within that firm. The important assumptions are sufficiently central to the life of an organization so as to have a major impact on it.

Kotter and Leonard (1979) contents that without the right leadership; employees remain skeptical of the vision for strategy and distrustful of management. The management was likewise be frustrated and stymied by employee resistance. One major task of the Manager is to implement strategy which entails overcoming resistance.

According to Bunker and Wakefield (2006) the reality of ongoing strategy is not news for most leaders. Even so, few are prepared to lead in the context of significant, unrelenting strategy. Often, strategy sets up leaders to struggle between managing the business and addressing the needs of the people. Typically, it is the people side that loses out. If leaders don't establish an effective balance between business and people priorities they can destabilize the organizational culture and erode trust, generating fear and skepticism.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter details how the proposed study was carried out. It covered the design adopted to conduct the study, how data was collected and eventual analysis of the data in order to generate research findings for reporting.

3.2 Research Design

The study was carried out through a case study design where the unit of study was the City Council of Nairobi to find out the challenges facing the implementation of strategies adopted for effective revenue collection at the Nairobi city council. The design is most appropriate when detailed, in-depth analysis for a single unit of study is desired.

Case study research design provides very focused and valuable insights to phenomena that may otherwise be vaguely known or understood. The design enables the researcher not only to establish factors explaining phenomena but also unearth underlying issues (Kothari, 1990).

3.3 Target population and sample size

The study targeted the top managerial employees in the CCN who were comprised of ten (10) managers drawn from various departments. They included the Human resource Manager, Accounts Manager, ICT Manager, Legal Officer, Customer Relations Manager, and Revenue collection Managers, Finance Managers, Procurement Managers, Education Manager and Environment Manager.

These respondents were better placed in providing required data because they all play leading roles in ensuring that they position the Nairobi City Council favorably within the rapidly and unpredicted changing environment through instituting appropriate timely responses.

3.4 Data Collection Method

The study made use of both primary and secondary data. Primary data was obtained from managers at the city council of Nairobi using an interview guide. The interview guide (Appendix II) was used to solicit data on the changes in the council's environment and the responses thereto.

The interview guide was administered through personal interviews which allowed for further probing. The secondary data was obtained from the council's documented strategies and any other relevant information about the council. The data was obtained through review of relevant documents, key among them the council's strategic plan and other relevant documentations.

3.5 Data Analysis

Both the primary and secondary data were qualitative in nature. Given this fact, content analysis was used to analyze the data that was collected from the six managers at the Nairobi City Council. According to Nachmias & Nachmias (1996), content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of data collected and inferences drawn from the data and then using the same to relate trends.

The data obtained from the six respondents was extracted, a summary of the results obtained, inferences drawn from the data and then this summary of the results and conclusions prepared so as to compare to the literature review for any consistencies and inconsistencies or to establish areas of agreement and disagreement. These comparisons were then discussed in this research project.

CHAPTER FOUR

DATA ANALYSIS, RESULT AND DISCUSSIONS

4.1 Introduction

This chapter presents the result of the analysis of data collected through interviews targeting ten (10) managers drawn from various departments. They included the Human resource Manager, Accounts Manager, ICT Manager, Legal Officer, Customer Relations Manager, and Revenue collection Managers, Finance Managers, Procurement Managers, Education Manager and Environment Manager in the city council of Nairobi. The data was analyzed using content analysis based on meanings and implications emanating from respondents information and documented data.

4.2 Response Rate

The researcher booked for the appointment with the various respondents in the City Council of Nairobi. From the targeted 10 respondents in the managerial position in the CCN, six of them were available to undertake the interview and this made a response rate of 60%.

4.3 The Role of Managers in Strategy Implementation Process

The interview guide sought response on the role of the managers in strategies implementation process. From the responses received from the interviewees, it was clear that the corporate objectives were entrenched in the strategic plan of the organization where each departmental managers and heads had its objectives that had to be met.

Moreover, the study inquired on the managers' roles in the council's strategic implementation process. The respondents cited that it involved the implementation of organization strategy through the application of the management process to obtain the desired results. Particularly, strategy implementation includes designing the organization's structure, allocating resources, developing information and decision process, and managing human resources, including such areas as the reward system, approaches to leadership, and staffing.

All the departmental objectives were congruent with the overall council wide objectives. The staff members are also constantly reminded of their objectives during meetings carried out between managers and other staff members to review their performance during and over a certain specific period of time.

The study also indicates that there is awareness and involvement as the counter response measures strategy was being embraced by each of the respondents. HODs were involved in formulation and implementation of the strategy. Management makes the necessary moves to establish positions in different businesses and achieve an appropriate amount and kind of diversification.

A key part of corporate strategy is making decisions on how many, what types, and which specific lines of business the council should be in. This may involve deciding to increase or decrease the amount and breadth of diversification. It may involve closing out some strategies (lines of business), adding others, and/or changing emphasis among strategies.

The council managers initiated actions to boost the combined performance of the businesses the council has diversified into: This involved vigorously pursuing rapid-growth strategies in the most promising strategies, keeping the other core revenue collection businesses healthy, initiating turnaround efforts in weak-performing strategies with promise, and dropping strategies that are no longer attractive or don't fit into the corporation's overall plans.

They also involved supplying financial, managerial, and other resources, or acquiring and/or merging other companies with an existing core missions in pursuing ways to capture valuable cross-business strategic fits and turn them into competitive advantages especially transferring and sharing related technology, procurement leverage, operating facilities, distribution channels, and/or customers. Moreover, the council managers also are in forefront in establishing investment priorities and moving more corporate resources into the most attractive strategies.

4.4 Challenges Affecting the Implementation Process in the Council

The study further inquired on the various challenges facing the implementation of strategies adopted by the city council of Nairobi for effective revenue collection. There

were various reasons cited such as ineffective direct and control use of the firm's resources, mechanisms such as organizational structure, poor information systems, ineffectual leadership styles, slow assignment of key managers, unplanned budgeting, little or less employee rewards, and weak control systems.

The responsibility of the implementation of strategies was to the management which includes board of governors and top management officials. The respondents were asked to list most of the factors that they felt pose a challenge to strategy implementation process for effective revenue collection their council.

4.5 Factors that Pose challenges to Strategy Implementation Process in the Council

Majority of respondents identified gaps in organization structure and rapid change in Technology as the factors that highly ponds change to strategy implementation process services. Need to concentrate on Core Activities, need to reduce operational cost and need to free resources for other purposes followed with each.

The respondents further felt that the factors that moderately pond challenges to the choice of what to strategy the council includes: need to improve institutional focus, ease of activity control through adoption of new technology and need to improve efficiency and reduce risks in revenue collection. Some respondents did not consider management style and availability of human resource skills as important challenge factors that determines strategy implementation process services.

All respondents did not consider Government Policy as an important factor to be considered at all. With regard to any other factor posing challenge to strategy

implementation process at the council, the various attributes of the strategy consultants which were considered as important includes professionalism, competence, quality of service, contract term, credibility, cost and flexibility.

The study also revealed that some respondents did not consider certain factors as important while selecting the external strategy consultants. These were: size of the strategy consultants, qualification of the strategy consultants and strategy consultants' flexibility. Majority of the respondent felt that it was not cost effective to handle some activities services internally as the required skills were lacking and hiring them would cost more that delegating them to a third party. The council therefore needs to improve on technology and services quality so as to highly access world class capabilities.

4.6 How Strategy Implementation Challenges Affect the Implementation Process

The study inquired on how strategy implementation challenges affect the implementation process of various areas in the council. On structure, the study revealed that structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. Within the organizational structure, individuals, groups and units are the mechanisms of organizational action, and the effectiveness of their actions is a major determinant of successful implementation. In this context, two basic factors encourage or discourage effective action-leadership and culture.

On how strategy implementation challenges affect the implementation process on Culture, the respondents cited that culture is a set of important assumptions (often unstated) that members of an organization share in common. These shared assumptions

(beliefs and values) among members of an organization set a pattern for activities, opinions and actions within that firm. On the area of Technology, the study revealed that most departments of the Nairobi City Council have not been computerized.

Further, strategy implementation challenges were seen to affect leadership in that without the right leadership; employees remained skeptical of the vision for strategy and distrustful of management. The management was frustrated and stymied by employee resistance. One major task of the Manager was to implement strategy which entailed overcoming resistance. Most respondents did not term Legal/Regulatory factors as a strategy implementation challenge at CCN since CCN derives its legal mandate from the local government act (Cap 265) of the laws of Kenya amongst other acts of parliament that augment its diverse core functions and priorities.

These priorities are contained in various policy and planning documents such as the national development plans, poverty reduction strategy paper and Economic Recovery Strategy (ERS) for wealth and employment creation in the medium term and Kenya's vision 2030. The study revealed that CCN faced competition in the industry from private owned firms such as estate developers who create estates and hence private owned services such as garbage collection, provision of water and sewerage services. These in turn led to loss of revenue to CCN. The study found that CCN strategy implementation was also affected by Customer needs and preferences.

Most respondents cited that strategy sets up leaders to struggle between managing the business and addressing the needs of the people. Typically, it is the people side that loses out. The study revealed that there were various implications of the challenges on the council's strategy implementation process. This had led to poor provision of services, loss of revenue and lack of public trust especially on the timely delivery of services.

4.7 Basic Measures in the Council for Effective Strategy Implementation

In seeking to know the councils basic measures requirements for effective strategy implementation for effective revenue collection, the researcher established that in order for the council to effectively achieve effective strategy implementation for effective revenue collection successfully , financial requirements are just as important.

Strategic management implementation techniques can be viewed as bottom-up, top-down or collaborative processes. In the bottom-up approach, employees submit proposals to their managers who, in turn, funnel the best ideas further up the organization. This is often accomplished by a capital budgeting process. Proposals are assessed using financial criteria such as return on investment or cost-benefit analysis. Cost underestimation and benefit overestimation are major sources of error. The proposals that are approved form the substance of a new strategy, all of which is done without a grand strategic design or a strategic architect.

4.8 Requirements in the Council for Effective Strategy Implementation

The researcher further established that the council's effective strategy implementation was in a well-designed vision that allows for free ideological movement and interaction of staff. Moreover, the researcher wanted to find out whether there was any particular area frequently outsourced by the councils in effective strategy implementation. The findings therefore indicated that Information Technology is currently being outsourced by the council to a very great extent closely followed by training activities which is outsourced to a great extent.

Facility management and policy management were found to be moderately outsourced as one way of improving the efficiency strategy implementation of the councils formulated strategies. Human resource (HR) services are outsourced to a small extent as the council recruit for it however training of these newly recruits is outsourced to a moderate extent. The study revealed that HR counter response measures has a great future potential as a key management strategy in the organizations. This is because the council was able to reduce their high wage costs and improve the management of payroll for internally employed.

Moreover, the study findings revealed that there were mostly individual barriers to strategy implementation such as too many and conflicting priorities, insufficient top team functions, a top down management style, inter-functional conflicts, poor vertical communication, and inadequate management development. This clearly pointed out that, in its bid to strategy implementation efforts; the council is trying to develop new organization capacities failed to get over these organizational hurdles: competence, co-ordination, and commitment.

4.9 Discussion of the Results

The study aimed on establishing the various challenges facing the implementation of strategies adopted by the city council of Nairobi for effective revenue collection. There were various challenges cited such as ineffective direct and control of the council's resources, mechanisms such as organizational structure, poor information systems, ineffectual leadership styles, slow assignment of key managers, unplanned budgeting, little or less employee rewards, and weak control systems.

The study inquired on how strategy implementation challenges affect the implementation process of various areas in the council. On structure, the study revealed that structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. This is in line with the study by Waterman et al, 1980. He established that the structure of the company often dictates the way it operates. Boyle, (2007) suggests that the structure should be more flexible and power devolved by empowering employees so as to eliminate middle management layers.

Strategy implementation challenges were seen to affect leadership in that without the right leadership; employees remained skeptical of the vision for strategy and distrustful of management. This is in line with Rapa & Kauffman's (2005) study which revealed that the most important thing when implementing a strategy is the top management's commitment to the strategic direction itself. Kotter and Leonard (1979) also found out that without the right leadership, employees never have a clear vision of the strategy and find it difficult to trust management.

The study established that it was not cost effective to handle some activities services internally as the required skills were lacking and hiring them would cost more than delegating them to a third party. This is in line with Eisenstat's (1993) findings which established that most companies trying to develop new organization capacities failed to get over these organizational hurdles: competence, co-ordination, and commitment.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study inquired on the role of Nairobi City Council in the council's strategic implementation process. The respondents cited that it involved the implementation of organization strategy through the application of the management process to obtain the desired results. Particularly, strategy implementation includes designing the organization's structure, allocating resources, developing information and decision process, and managing human resources, including such areas as the reward system, approaches to leadership, and staffing.

5.2 Summary of the Results

The study inquired on the various challenges facing the implementation of strategies adopted by the city council of Nairobi for effective revenue collection. There were various reasons cited such as ineffective direct and control the use of the firm's resources, mechanisms such as organizational structure, poor information systems, ineffectual leadership styles, slow assignment of key managers, unplanned budgeting, little or less employee rewards, and weak control systems. The responsibility of the implementation of strategies was to the management which includes board of governors and top management officials.

The study inquired on how strategy implementation challenges affect the implementation process of various areas in the council. On structure, the study revealed that structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. Within the organizational structure, individuals, groups and units are the mechanisms of organizational action, and the effectiveness of their actions is a major determinant of successful implementation. In this context, two basic factors encourage or discourage effective action-leadership and culture.

On how strategy implementation challenges affect the implementation process on Culture, the respondents cited that culture is a set of important assumptions (often unstated) that members of an organization share in common. These shared assumptions (beliefs and values) among members of an organization set a pattern for activities, opinions and actions within that firm. On the area of Technology, the study revealed that most departments of the Kenyan local authorities have not computerized its revenue collection function thus affecting its revenue strength.

Further, strategy implementation challenges were seen to affect leadership in that without the right leadership; employees remained skeptical of the vision for strategy and distrustful of management. The management likewise was frustrated and stymied by employee resistance. One major task of the Manager was to implement strategy which entailed overcoming resistance. Moreover, majority of respondents identified gaps in organization structure and rapid change in Technology as the factors that highly pond changes to strategy implementation process services.

Need to concentrate on core activities, need to reduce operational cost and need to free resources for other purposes followed with each. The respondents further felt that the factors that moderately pond challenges to the choice of what to strategy the council includes: need to improve institutional focus, ease of activity control through adoption of new technology, need to improve efficiency and need to reduce risks in revenue collection. Some respondents did not consider management style and availability of human resource skills as important challenge factors that determines strategy implementation process services.

All respondents did not consider Government Policy as an important factor to be considered at all. With regard to any other factor ponding challenge to strategy implementation process at the council, the study revealed that most of the respondents considered choice of external service strategy consultants as an important factor. The various attributes of the strategy consultants which were considered as important includes professionalism, competence, quality of service, contract term, credibility, cost and flexibility.

The study also revealed that some respondents did not consider certain factors as important while selecting the external strategy consultants. These were: size of the strategy consultants, qualification of the strategy consultants and strategy consultants' flexibility. Majority of the respondent felt that it was not cost effective to handle some activities services internally as the required skills were lacking and hiring them would cost more that delegating them to a third party. The council therefore needs to improve on technology and services quality so as to highly access world class capabilities.

Respondents did not term Legal/Regulatory factors as a strategy implementation challenge at CCN since CCN derives its legal mandate from the local government act (Cap 265) of the laws of Kenya amongst other acts of parliament that augment its diverse core functions and priorities. These priorities are contained in various policy and planning documents such as the national development plans, poverty reduction strategy paper and Economic Recovery Strategy (ERS) for wealth and employment creation in the medium term and Kenya's vision 2030.

The study revealed that CCN faced competition in the industry from private owned firms such as estate developers who create estates and hence private owned services such as garbage collection, provision of water and sewerage services. These in turn led to loss of revenue to CCN. The study found that CCN strategy implementation was also affected by Customer needs and preferences. Most respondents cited that strategy sets up leaders to struggle between managing the business and addressing the needs of the people.

Typically, it is the people side that loses out. But if leaders don't establish an effective balance between business and people priorities they can destabilize the organizational culture and erode trust, generating fear and skepticism among employees at a time when a loyal, productive, and enthusiastic workforce is essential for success. The study revealed that there were various implications of the challenges on the council's strategy implementation process. This had led to poor provision of services, loss of revenue and lack of public trust especially on the timely delivery of services.

5.3 Conclusion

The study concludes that there were various challenges affecting CCN in its strategy implementation process. These included Structure, culture, technology, leadership, lack of focus, choice of external service strategy consultants, competition in the industry by private companies, very high cost of operation, and substitute products/services.

The study concludes that the council had in a way been able to amend its strategy implementation process as per the challenges. This was through application of all management functions such as planning, controlling, organizing, motivating, leading, directing, integrating, communicating, and innovation to the implementation process.

5.4 Recommendations

The study recommends that in order for CCN to be able to effectively implement their strategies, there is need to have an organized organizational structure, improved information systems, better leadership styles, timely assignment of key managers, effective budgeting and offer rewards, and control systems.

The study also recommends that the council appoints a small number of professional staff but effective instead of having a big pool of people who may not be in a position to deliver on the strategy and also understand the importance of financial performance by means of revenue collection. The recruit of some employees can be outsourced to professional recruiters.

Finally, it would be important for the Nairobi City Council to set an example to other councils by effectively marketing their core revenue streams, especially to ones they have a monopoly over like property rates. Property in Nairobi can only pay property rates to the Nairobi City Council.

5.5 Limitation of the Study

The research met with various challenges when conducting the research that included the fact that the council ordinarily do not want to give information due to client confidentiality. In addition, some of the interviewees would not find the subject to be of interest. Additionally, some respondents would not want to give the information as they considered it of competitive importance.

The respondents being normally very busy people in management may not have found a lot of time to be interviewed. Since the research was conducted via open-ended interviews, a large amount of time was needed to collect information from the respondents. Time limitation made it impractical to include more respondents in the study.

This study was also limited by other factors in that some respondents may have been biased or dishonest in their answers. More respondents would have been essential to increase the representation of the city council of Nairobi team in this study and allowed for better check of consistency of the information given. However, the researcher did look for contradictions in the information given and no inconsistency were found.

5.6 Suggestions for Further Research

Challenges to effective strategy implementation research areas are widely embraced in the developing countries such a Kenya. In Kenya, it has gained acceptance mainly in the private organizations, however government organizations are also incorporating it as a key management strategy though at a sluggish pace. Given that this study only covered challenges that affect Strategy implementation Process in the Nairobi City Council for effective revenue collection, studies need to be done on challenges for all the other councils.

There is therefore room for a similar study to cover all the council's effective strategy implementation in the major towns in Kenya. This is timely, given the today's rapid technology advances and the increased emerging of competition on organizations in the country and the world at large. The researcher also suggests further research on revenue management and strategies that could be employed in so doing since revenue can be collected to a maximum level but be mismanaged due to other factors that the study did not consider.

5.7 Implication on Theory, Policy and Practice

The study reveals that for strategy to be effectively implemented, the stakeholders have to also see the fruit of this organisation. Structure balances the need for specialization with need for integration. It provides a formal means of decentralizing and centralizing organizational and control needs with the strategy, as supported by stakeholder theory with the assumption that value is necessarily and explicitly a part of doing business.

The study findings posts the understanding that an organization's clear policy execution must address the intangibles of cross functional integration, reward systems, and cultures as well as the tangibles captured in most strategic planning documents. This implies that, for many firms, false starts, delays and confusion characterize implementation.

Clear stipulated practices are articulated in two core questions; first, it asks, what is the purpose of the firm? This encourages managers to articulate the shared sense of the value they create, what brings its core stakeholders together. This propels the firm forward and allows it to generate outstanding performance, determined both in terms of its purpose and market place financial metrics .Secondly, practices holds what responsibility does management have to stakeholders, hence pushes managers to articulate how they want to do the business. Specifically the kind of relationships they want and need to create with their stakeholders to deliver on their purpose.

This implies that many firms have to develop and run their businesses in terms highly consistent within this line. On practice, the study findings ask managers to articulate the shared sense of the value they create and what brings its core stakeholders together. It also pushes managers to be clear about how they want to do business, specifically what kinds of relationships they want and need to create with stakeholders to deliver on their purpose.

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APPENDICES

APPENDIX I: Cover Letter

LORRAINE KAGEHA,

University of Nairobi,

P.O BOX, 30197

Nairobi.

June 2011

Dear Sir/Madam,

RE: DATA COLLECTION

I am a postgraduate student at University of Nairobi undertaking a Master of Business Administration degree Program majoring in Strategic Management. One of my academic outputs before graduating is a thesis and for this I have chosen the research topic “Challenges Facing the Implementation of Strategies adopted by the City Council of Nairobi for Effective Revenue Collection”.

You have been selected to form part of the study. This is to kindly request you to assist me collect the data by responding to the interview guide. The information you provide will be used strictly for academic purposes and will be treated with utmost confidence. A copy of the final report was available to you upon request. Your assistance will be highly appreciated.

Yours Sincerely,

LORRAINE KAGEHA

APPENDIX II: Interview Guide

1. Interviewee’s managerial position:_____

2. Years with the Council:_____

3. Years in the current position: _____

4. What is your role in the council’s strategic implementation process?

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5. What are the challenges facing the implementation of strategies adopted by the city council of Nairobi for effective revenue collection? Who is responsible?

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6. What are the factors that affect the implementation process in the council? Explain.

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7. What requirements should the council put in place for effective strategy implementation for effective revenue collection?

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8. For each of the challenges mentioned in (6) above, how has the implementation process been affected?

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9. How has the council been able to amend its strategy implementation process as per the challenges explained in (8) above?

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10. Overall, do you think the council has successfully implemented its strategy? How? Explain?

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