"STRATEGY IMPLEMENTATION CHALLENGES OF FIRMS IN THE PACKAGING INDUSTRY IN NAIROBI"

BY

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Declaration

This research project is my original work and has not been submitted for a degree in any other University.

Signature:............................ Date: October 2nd 2007.

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

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Dedication

This research work is dedicated to my nuclear family, my loving wife Berline, and children, Warren, Wayne and Wendy.

Acknowledgement

First and foremost I give special thanks to the Almighty Father for the good health I enjoyed throughout the duration of this course.

My gratitude goes to my family members for the support, perseverance, and encouragement when things got tough. I also thank them for the endurance and for helping me burn the mid-night oil while working of this project.

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Abstract

This is a management research study, with special focus on strategy implementation challenges and strategies used in dealing with challenges encountered during strategy implementation, by packaging firms in Nairobi. Strategy implementation remains very critical yet the most difficult phase in strategic management process, even a good strategy would still fail if the implementation is not thoroughly planned and executed well. The objectives of this study were twofold; first, was to determine challenges encountered by packaging firms in Nairobi and second was to establish how packaging firms in Nairobi were coping with challenges encountered during strategy implementation.

The study was based on census survey where all packaging firms in Nairobi were surveyed. According to the Ministry of Trade and Industry Directory, there were 30 packaging firms based in Nairobi, all of them were surveyed out of which 26 firms responded representing 86%. The study relied heavily on primary data which was collected using questionnaire method, email, drop-and-pick methods were used to distribute and collect the questionnaires. Brief follow up interviews were conducted in cases more information and/or clarifications were sought. Being s descriptive study, mean scores standard deviations, percentages and frequencies were used to measure and compare the research findings.

Just like in the literature review of this study, the research findings clearly show that strategy implementation challenges affected all industries be it profitable or non profitable. According to the findings of this study, packaging firms in Nairobi face strategy implementation challenges which were mainly of internal in nature. From this study, it is clear that packaging firms in Nairobi perceive poor leadership style, wrong strategic choice, poor management of resources and global trends in the industry as the major challenges with significant effect during strategy implementation. Since these major challenges are mainly of internal nature, it implies that the packaging firms in Nairobi have control over them and can manage them well with proper strategies put in place. On the impact, the study shows that poor leadership style, wrong strategic choice and poor management of resources pose the greatest impact.

CHAPTER ONE: INTRODUCTION

1.1 Background

1.1.1 Strategy Implementation

The field of strategy has largely been shaped around a framework first conceived by Kenneth R. Andrews in his classic book The Concept of Corporate Strategy. Andrews (1971) defined strategy as the match between what a company can do (organizational strength and weaknesses) within the universe of what it might do (opportunities and threats). Wu, Chou and Wu (2004) wrote the art of war which states "it is best to win without fighting" that is, winning through superior position. Determining the strategy of an organization is only one of the functions of management. It is however, arguably the most significant area of management decision making, and more importantly one in which to make the right decisions. Strategy is about winning by doing the right things, in essence strategy addresses firm's effectiveness as opposed to efficiency.

Strategic Management decisions precede all of the management functions. Indeed, in the absence of strategic management decisions none of the generic management functions can be carried out. Strategic Management and strategic management process is concerned with arriving at decisions on what the organization ought to be doing and where it should be going. Ansoff and McDonnell (1990) defines strategic decisions as those pertaining to the relationship between the firm and its environment, and involving decisions on what kind of business the firm should be in. According to Aosa (1992), once strategies have been developed, they need to be implemented, otherwise they are of no value unless they are effectively translated into action. However, poor implementation of an appropriate strategy may cause that strategy to fail (Kiruthi, 2001). An excellent implementation plan, will not only cause the success of an appropriate strategy, but can also rescue an otherwise inappropriate strategy (Hunger & Wheelen, 1994). Strategy implementation is therefore critical to effective strategic management (McCarthy et al, 1996)

Clearly, the implementation of a strategy is not a straightforward process, as one would want to assume. Bryson (1995) asserts that the earlier steps in the strategic management process are designed to ensure as mush as possible that adopted strategies and plans are not flawed, but it is almost inconceivable that some important difficulties will not arise as strategic choices are put into action phase, despite careful planning and formulation of the strategies. Alexander (1985) identifies inadequate planning and communication as two major obstacles to successful implementation of strategies. Thomson & Strickland (1998) states that strategy implementation challenge is to create a series of tight fits between strategy and the organization's competences, capabilities and structure; between strategy and budgetary allocation; between strategy and policy; between strategy and internal support system; between strategy and the reward system and; between strategy and the corporate culture.

However, the problems of strategy implementation relate to situations and processes that are unique to a particular organization or industry even though some problems may be common to all organizations. The key decision makers should therefore pay regular attention to the implementation process in order to focus attention to any emerging difficulties and on how to address them. Not many organizations implement their strategies successfully. The factors responsible for successful strategies implementation are met with challenges which at times result in serious failures and hence do not experience the desired outcomes and/or intended benefits. Challenges that occur during the implementation process of a strategy is an important area of research because even the best strategy would be ineffective if not implemented successfully. Despite the fact that challenges to successful strategy implementation challenges have not been thoroughly and widely investigated, there are some pertinent issues that have been identified in many studies.

The most important problem in strategy implementation in many cases is the lack of proper communication. Aaltonen and Ikavalko (2001) state that the amount of strategic communication in most of the organizations is large, both written and oral communication is used, mostly in form of top-down communications. However, a great amount of information does not guarantee understanding and there is still much to be done on the filed of communicating strategies. While strategy should be chosen in a way that it fits the organizational structure, the process of matching structure to strategy is a complex one (Byers et al, 1996).

Culture also affects strategy implementation. Strategy implementation often encounters a lot of hurdles in form of deeply rooted cultural practices. It causes resistance to implementation of new strategies especially if the intended strategies, lined for implementation are perceived to go against the grains of existing organization's cultures. This is because they perceive change as a threat and tend to favor "continuity" and "security" (Wang, 2001). Resource insufficiency is another common strategy implementation challenge. David (2003) argues that allocating resources to particular divisions and departments does not guarantee successful strategy implementation. This is because a number of factors commonly prohibit effective resource allocation. These may include; overprotection of resources, over-emphasis on short term financial criteria, organization's policies, vague strategic targets, risk averse and lack of sufficient information.

Changes do not implement themselves and it is only people that can make them happen (Bryson, 1995). Selecting people for key positions by putting a strong management team with the correct mix on skills and knowledge is one of the first steps in strategy implementation process (Thomson & Strickland, 1998). Assembling a capable team, they point out is one of the cornerstones of the organization building task. Strategy implementation must determine the kind of core management team they need to execute the strategy and then find the right people to fill each slot. Despite the numerous studies already undertaken in strategy implementation challenges and the common challenges published, implementation still remains a nightmare to many organizations hence the need to continue doing more research as to the reason why failure is still eminent. The second reason is that even the best strategy would still be rendered useless if implementation is not properly conducted. Thirdly, it is imperative that more research work be done on strategy implementation challenges because of the ever changing business environment. Last but not least, not all strategy implementation challenges cut across various organizations neither do they have the same effect across different industries, hence the impetus for further research on this subject, in order to arrive at informed conclusion as to why well formulated strategies still fail at the implementation stage. It is only through better understanding of these challenges that management would be better positioned to take appropriate steps during formulation and implementation planning, to overcome such challenges.

Mintzberg and Quin (1991) stated that 90% of well formulated strategies fail at the implementation stage, while David (1997) claimed that only 10% of formulated strategies are successfully implemented. Reasons advanced for success or failures of strategy implementation are; structure, allocation of resources, culture, leadership, reward systems, and strategy itself. Today, many organizations in Kenya have found themselves under severe competition and ever changing business environment. In order to survive and deliver goods and services effectively, they require sound strategic management process, which not only address the formulation but also has inbuilt sound implementation programme.

1.1.2 Packaging Industry in Kenya

The manufacturing sector which packaging industry is a sub-sector has been part of the growth Kenya's economy has experienced in the last three years. A close examination reveals that this growth in the packaging industry in Kenya has been driven more by an increase in volume of output than improvements in efficiency and productivity. The increase in volume of output is largely explained by increased exports to the East African Community (EAC), the rest of the Common Market for Eastern and Southern Africa (COMESA) and the USA (under African Growth and Opportunity Act – AGOA). The growth is expected to be propelled by improved capacity utilization and reduced cost of production as a result of improved business environment. However, the anticipated growth is yet to be realized. The KAM survey highlights the main constraints as poor infrastructure, high utility cost, high taxes, high transport cost, and inconsistent government policies.

According to the Ministry of Trade and Industry Directory for 2005, about 90% of the packaging companies are located in Nairobi, while the remaining 10% in shared amongst other Kenya's major towns. According to computations from Kenya Association of Manufacturers' Manufacturing Sector Survey 2006, packaging industry's contribution to total direct employment stood at 0.4m in 2005. This employment level represents about 5% of the total country's employment. It contributed 7.5% of the country's export earnings in 2004, and 8.3% to government revenue collected from import duties in 2002. According to the Economic Recovery Strategy Paper for Wealth and Employment Creation (ERSWEC), the manufacturing sector to contribute 15.7% of the GDP by 2007, which includes contribution from the packaging industry. According to KAM's Survey 2006, there are about 35 packaging companies registered in Kenya as their members, however, according to the Ministry of Trade and Industry, there are 41 packaging companies registered with them, with majority being in plastic sub-sector. According to the ministry, this figure could be slightly more owing to the fact that the records they have refers to 2004 records. Of the 41 firms, about 30 firms were based in Nairobi.

The packaging industry, however, continue to have issues that require emphasis and further work, notably addressing production constraint; manufacturers' weaknesses; challenges of HIV/AIDS and related diseases; market investment opportunities; technology survey; timely and accurate data collection; funding research and development to benefit packaging industry; and value chain analysis.

Today, many packing industry players have gone through paradigm shift because of rapidly changing environment, which is becoming more and more critical and threatens their future survival and growth. Upto early late 1980s this industry was dominated by few players, but today, profit margins have been eroded by cut throat competition amongst industry players. Emerging issues such as legal framework, liberalization, technological advancements, regional integration, poor infrastructure, inflation, currency fluctuation, politics and so on have not made the business any better. These factors have only succeeded in creating more turbulence, in already uncertain business environment. Because of the prevailing scenario, many packaging industry players have embraced strategic planning as a way of managing these uncertainties. It is also evident that many players are becoming more aware that planning alone is not enough, and that success lies in how well those strategic plans are put into action plans.

1.2 Statement of the Problem

The economic contribution of packaging industry in Kenya can be described as substantial. According to KAM'S Manufacturing Sector Survey 2006, packaging industry's contribution to total direct employment stood at 0.4m in 2005. This employment level represents about 5% of the country's total employment. It contributed 7.5% of the country's export earnings in 2004, and 8.3% to government revenue collected from import duties in 2002. According to the Economic Recovery Strategy Paper for Wealth and Employment Creation (ERSWEC), the manufacturing sector to contribute 15.7% of the GDP by 2007, which includes contribution from the packaging industry.

In this rapid and turbulent time within business environment, it is critical that packaging industry in Kenyan embrace strategic planning more than ever before, to strategically assess and respond to the opportunities and threats they face in the market. According to an article in Commerce and Industry Magazine (2007), a company can overcome internal efficiencies if its basic strategy is brilliant but it is unlikely to overcome the wrong strategies no matter how efficient it is. A company without a clearly defined strategy is seriously disadvantaged, for it cannot clearly define where it is and where it wants to be in the future.

History is littered with examples of corporate failures within the packaging industry where strategy was either flawed or totally absent. Good examples would include Nampak (K) Limited (formerly known as CarnaudMetalBox) and East African Packaging Industries Limited. For along time, both companies enjoyed monopoly in corrugated cartons and metal packaging respectively. When the competition came in, the two companies lost a big chunk of their market share from 100% to less than 30%. However, despite the increased usage of strategic planning within packaging industry in Kenya, many players still struggle and/or fail to achieve their strategic objectives. This has led to the question of what could be the problem?. The fact that a good number of packaging industry players fail to achieve their strategic objectives despite the great strategies put in place, points to one probable cause of failure, and that could be implementation. This further reinforces the theory that a great strategy is of no value if its implementation is flawed.

Whereas strategic management process has been widely researched by various scholars in Kenya (Aosa, 1992; Kombo, 1993; Bwibo, 2000; Awino, 2001...) only a few studies (Aosa, 1992; Awino, 2001; Koske, 2003, Machuki, 2005) have been done on the most critical phase, which is strategy implementation and its challenges. Furthermore, even the few studies that have been carried out, none has specifically examined strategy implementation challenges in the packaging industry in Kenya, hence a justification for this study.

The fact that management is sensitive to the context in which it is applied, one cannot assume or conclude that strategy implementation challenges are similar across various industries unless backed by empirical evidence through research findings, hence the fundamental basis for my study. The outcome of this study will no doubt provide useful information on strategy implementation challenges facing packaging industry in Kenya. The fact that failure rate to strategy implementation still remains high, justifies the need for more research on challenges facing packaging industry in Kenya during strategy implementation phase and suggest possible ways of addressing such implementation challenges.

This study therefore sought to examine the strategy implementation challenges in packaging industry in Kenya. In summary, the study sought to answer the following questions:-

i. What are the key strategy implementation challenges faced by packaging industry in Kenya?
ii. How do the packaging industry players cope with challenges encountered during strategy implementation?

This study sought to determine and document the challenges encountered by the packaging firms in Nairobi during strategy implementation, and how they were coping with such challenges.

1.3 Objectives of the Study

The specific objectives include:

i. To determine challenges encountered by firms in the packaging industry in Nairobi during strategy implementation.
ii. To establish how firms in the packaging industry in Nairobi are coping with strategy implementation challenges.

1.4 Importance of the Study

There is no doubt that the findings of this study will benefit packaging industry in Kenya. More specifically, the findings will help in the following ways:

i. Provide information to future scholars and researchers who might need to research on strategy implementation challenges in packaging industry;

ii. Bridge gap in knowledge on effective strategy implementation and make recommendations for further research;

iii. Provide vital information to facilitate improved strategy implementation practices, in the manufacturing sector in general and more specifically in the packaging industry;

iv. Identify and recommend key success factors to strategy implementations in packaging industry

v. The study can be of major interest to key stakeholders, including shareholders, customers, suppliers, financiers and other interested parties.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews available literature on strategy implementation and its challenges. The review takes a general perspective owing to scarcity of relevant literature that has focused directly on strategic management activities within the packaging industry in Kenya.

2.2 The Concept of Strategy Implementation

Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objectives (Pearce & Robinson, 2003). Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies throughout the relevant system (Bryson, 1995).

Johnson and Scholes, (2002) observes that understanding the strategic position of an organization and considering the strategic choices open to it are of little value unless the strategies managers wish to follow can be turned into organizational action plans. Although strategy implementation is seen as an integral part of strategic management process, little has been written or researched on implementation challenges (Awino, 2001). Indeed, strategies cannot take effect until they are translated into action plans. Management issues to strategy implementation include establishing annual objectives, devising policies, allocating resources, altering an existing organization structure, restructuring and re-engineering, revising reward and incentive plans, minimizing resistance to change, matching managers with strategy, developing a supportive culture, developing an effective human resource function, and if necessary, downsizing (David, 2003).

According to Aosa (1992), once strategies have been developed, they need to be implemented; they are of no value unless they are translated into action. However, poor implementation of an appropriate strategy may cause that strategy to fail (Kiruthi, 2001). An excellent implementation plan, will not only cause the success of an appropriate strategy, but can also salvage an inappropriate strategy (Hunger & Wheelen, 1994). Strategy implementation is therefore crucial to effective management (McCarthy et al, 1996)

The implementation of strategy typically impacts every part of the organization structure, from the biggest organizational unit to the smallest frontline work group (Thomson & Strickland, 1998). They reckon that every manager has to think through the question "what has to be done in my area to implement our part of strategic plan and what should I do to get these things accomplished?" All managers therefore become strategic implementers in their areas pf authority and responsibility and all employees should be involved right from formulation stage. Aaltonen and Ikavalko (2001) argues that transforming strategies into action is a far more complex and difficult task. Similarly, David (2003) points out that it is always more difficult to do something (strategy implementation) that say you are going to do it (strategy formulation). Implementation of strategy does not therefore automatically follow strategy formulation; it comes with its own resistances, which if not managed well can invalidate the planning efforts (Ansoff & McDonnell, 1990).

Clearly, the implementation of a strategy is not a straightforward process as one would want to assume. Bryson (1995) asserts that the earlier steps in the strategic management process are designed to ensure as mush as possible that the adopted strategies and plans do not contain any major flaws, but it is almost inconceivable that some difficulties will not arise as strategies are put in practice. Alexander (1985) identifies inadequate planning and communication as two major obstacles to successful implementation of strategies. Thomson and Strickland (1998) states that strategy implementation challenge is to create a series of tight fits between strategy and the organization's competences, capabilities and structure; between strategy and budgetary allocations; between strategy and policy; between strategy and internal support system; between strategy and the reward system and; between strategy and the corporate culture.

However, the problem of strategy implementation relate to situations and processes that are unique to a particular organization even though some problems could be common to all organizations within a certain industry. The key decision makers should therefore pay regular attention to the implementation process in order to determine any difficulties which may arise and on how to address such emerging challenges

2.3 Strategy Implementation Process

Strategic management by itself is a process. Robins and Coulter (2002) defines it as "the process that encompasses strategic planning, implementation and evaluation." In their view, strategic management process is a way of considering, deciding, and realizing already formulated strategies. Strategy implementation, on the other hand, is concerned with both planning on how the strategic choice can be put into effect, and managing the changes required (Wang, 2000). Even after the grand strategies have been determined and the long term objectives set, the strategic management process is far from complete (Pearce & Robinson, 1994). Need to move to the next level, and the most critical stage of putting strategies into action plans, this is what is referred to us strategy implementation.

Pettigrew and Whipp (1990), suggested that strategic change can most usefully be seen as a continuous process, rather than one with distinct stages. They argued that strategy was not a linear movement with discrete strategies but an experimental interactive process where the outcomes at each stage were uncertain. Generally, implementation process is governed by two principles, intended rationality and minimum intervention.

Quinn, Serge et al (1998) suggested quite clearly that implementation needs to be considered not just as a single event with fixed or rigid plans but rather as a series of activities whose outcome will shape and guide the strategy. That the full strategy will not be 'known' in advance but will 'emerge' out of the implementation. The main steps in strategy implementation are discussed below.

Communication and coordination largely depend on the principle during formulation. However, some key issues needs to be emphasized. Every one clearly understood; allow any confusion or ambiguity to be resolved, communicate clearly judgments, assumptions, contingencies and possibly the choices made during the strategy decision phase, and ensure that organization is properly coordinated. This will enhance value-chain linkages and synergy. Campbell et al (1962) have suggested four guidelines for strategy implementation; detailed analysis of precisely where possible benefits of synergies or linkages are likely to be obtained, establish the details of resources to be shared or linked and it should be conducted, use of emergent approach to synergy development and value-chain linkages is more likely to produce results and organization`s head quarter (HQ) must clarify in advance what synergies or linkages are being sought.

Resource allocation is critical in strategy implementation. Most strategies need resources to be allocated to them if they are to be implemented successfully. Resource allocation process based on the contribution of the proposed resources towards the fulfillment of the organization`s mission & objectives. The task is to move resources towards areas which deliver organization's objectives. This similar to the concept of allocating or moving funds under Bolton Consultancy Group (BCG) product portfolio matrix, its support of key strategies (the support of core competence and enhancement of the value chain and the level of risk associated with a specific proposal. High risk means lower likelihood that strategy will be successful.

Special circumstances surrounding the allocation of resources may include: when major strategic changes are unlikely based on past record or experience, arbitrary in nature; when major strategic changes are predicted negotiation may be required to respond and; when resources are shared between divisions. Caution regarding resource allocation process Hamel and Prahalad have reservations about the whole resource allocation process. They view it as offering the wrong mental approach to the strategy task, arguing that it is more concerned with dividing up the existing resources rather than using the resources more effectively and strategically.

Implementation planning is key to successful implementation. The aim is to use a formal planning system for the development and implementation of strategies related to the mission and objectives of the organization. Approaches to strategic planning – top down, bottom up and integrated. Mintzberg and Quinn (1991) identified the main role of the strategic plan as being to make plans operational, after the basic strategic thinking has been undertaken, that`s planning takes place at the implementation phase. Mintzberg and Quinn (1991) also suggested three ways in which strategic planning can assist firms: communication process throughout the organization by setting out review and planning thinking; to find new strategic insights by posing new questions outside normal operations; and to assist the presentation of alternative and possible radical ways of viewing strategic issues.

Planning strategies and styles – will depend on: Environment – stable longer time horizons; product range – diverse product seek financial linkages as opposed to cooperation and; leadership & management style:- guide the approach to the development of strategy and its coordination across the company.

During strategy implementation, monitoring and control are important phases of the implementation process. Monitoring and controls are important aspects of implementation because information can be used: to assess resource allocation choices; to monitor progress on implementation and; to evaluate performance of individual managers as they go about the achievement of their implementation tasks.

How can strategic controls be improved? Many ways have been suggested and these may include: concentrating on the key performance indicators and factors for success; distinguishing between corporate, business and operating levels of information and only monitor where relevant; avoiding over-reliance on quantitative data; as controls established, consider relaxing them and; creating realistic expectations of what the control system can do as it is being introduced or upgraded. The success of strategy implementation can also be enhanced through action plans, functional tactics and employee empowerment.

Action plans and short term objectives must be put in perspective. Business strategies, grand strategies and long-term objectives are critically important in crafting a successful future. To make them become a reality however, the people in an organization that actually "do the work" of the business and guidance in exactly what needs to be done today and tomorrow to make those long-term strategies become reality. Action plans and short-term objectives provide much more specific guidance for what is to be done.

Action plans are effective when they incorporate four elements. First, they identify specific functional tactics and actions that will be done in the next week, month, or quarter. The second element is a clear time frame for completion. When the effort will begin and when its results will be accomplished. A third element is identification of who is responsible for each action in the plan. This accountability is very important to ensure action plans are acted upon. The fourth element is the short-term objectives. Usually, each action in an action plan has one or more specific objectives that are identified outcomes the action generates. There is also the need for other short-term to be identified that "operationalize" long–term objectives.

Functional tactics are the key, routine activities that must be undertaken in each functional area: marketing, finance, production, R and D, human resource management to provide the business's product and services. In a sense, functional tactics translate through (grant strategy) into action designed to accomplish specific short-term objectives. Every value chain activity in an organization executes functional tactics that support business strategy and help accomplish strategic objectives. To enhance the success of implementing strategy, specific functional tactics are needed for the firm's operating components. These functional tactics clarifies the business strategy, giving specific short-term guidance to operating managers in the area of marketing, operations, finance, human resource management.

Specific functional tactics provide guidance and initiate action implementing a business's strategy, but more is needed. Supervisions and personnel in field have been charged in today's competitive environment with being responsible for customer value for being the "front line" of the company's effort to truly meet customer's needs. Meeting customer needs, becoming obsessed with quality service, was buzzword that started organizational revolutions in the 1980s. Efforts to do so often failed because employees that were the real contact point between the business and its customers were not empowered to make decisions or act to fulfill customer needs.

Empowerment can be created in many ways, including training, self-managed work groups, eliminating whole levels of management in organizations, and aggressive use of automation. At the heart of the effort is the need to ensure that decision making is consistent with the mission, strategy, and tactics of the business while at the same time allowing considerable latitude to operating personnel. One way operating managers do this as through the use of policies.

Policies are directives designed to guide the thinking, decision and actions of managers and their subordinates in implementing a firm's strategy. Policies increase managerial effectiveness by standardizing many routine decisions and clarifying the discretion managers and subordinates can exercise in implementing functional tactics. Logically, policies should be derived from functional tactics with the key purpose of aiding strategy execution. Implementing strategy through restructuring and re-engineering the company's structure, leadership, culture and rewards.

Successful strategy implementation depends largely on the firm's primary organizational structure. Structure helps identify the firm's key activities and the manner in which they will be coordinated to achieve the firm's strategic purpose. IBM changed from a highly centralized functional structure in the early 1990s to a highly decentralized Strategic Business Unit (SBU) structure that IBM's top managers viewed as more consistent with the firm's "network–centric" product development strategy for the 21st century. Structures portray how key tasks and activities have been divided to achieve efficiency and effectiveness. It's through the structure that strategies attempt to position the firm so as to execute its strategy in a manner that balances internally efficiency and overall effectiveness.

Leadership is identified with style. Kotter (1990) explains that leadership is about coping with change. Part of the reason it has become so important in recent years is that the business world has become more competitive and more volatile. The net result is that doing what was done yesterday, or doing it 5 percent better, is no longer a formula for success. Major changes are more and more necessary to survive and compete effectively in the ever changing environment. More changes always demand more organizational leadership. Organizational leadership involves two considerations. One is the strategic leadership, usually coming from the CEO. The other is management skill to cope with completely. The leadership challenge is to galvanize commitment among people within an organization as well as stakeholders outside the organization to embrace change and implement strategy.

Leaders galvanize commitment to embrace change through classifying strategic intent, building an organization and shaping organizational culture.

Organizational culture is the set of important assumptions (often unstated) that members of an organization share in common. Every organization has its own culture. An organization's culture is similar to an individual's personality- an intangible yet ever–present theme that provides meaning, direction, and the basis for action. The shared assumptions (values and beliefs) among a firm's members influence opinions and actions within that firm. A member derives personal satisfaction from his or her actions in the organization because these actions are congruent with corresponding personal beliefs and values.

This refers to motivating strategy execution in the best way possible. The implementation of strategy ultimately depends on individual organizational members, particularly key managers. So motivating and rewarding good performance are key ingredients in effective strategy implementation. If strategy accomplishment is a top priority then the reward system must be clearly and tightly linked to strategic performance. Motivating and controlling managerial personnel in the execution of strategy are accomplished through a firm's reward mechanisms such as compensation, raises, bonuses, stock options, incentives, benefits, promotions, demotions, recognition, praise, criticism, more or less responsibility, group norms, performance appraisal, tension and fear. These mechanisms can be positive or negative, short run and long run.

Strategic control and continuous improvement. Strategies are forward looking, designed to be accomplished several years into the future and based on management assumption about numerous event that name not yet occurred. How should manager control a strategy? The traditional approach to control compares actual result against standard. Although this approach has its place, it is inappropriate as a means for controlling strategy. The full implementation of strategy often take five or more years, during which time many changes occur that have major ramifications for the strategy's ultimate success . Consequently, the traditional approaches to control must be replaced by an approach that recognizes the unique control needs of long-term strategies.

Strategic control is concerned with tracking a strategy as it is being implemented, detecting problems or changes in its underlying premises, and making necessary adjustments. In contrast to post-action control, strategic control is concerned with guiding action of the strategy as that action is taking place and when the end result is still several years off. Managers responsible for the success of a strategy typically are concerned with two sets of question: are we moving in the proper direction? Are key things falling into place? Are our assumptions about major trends and changes correct? Are we doing the critical things that need to be done? Should we adopt, adjust or abort the strategy? How are we performing? Are objectives and schedules being met? Are costs, revenue and cash flows matching projections? Do we need to make operational changes?

2.4 Factors Influencing Strategy Implementation.

For successful strategy implementation, an organization should understand the impact on strategy of external environment, internal resources and competences, and the expectations and influence of stakeholders (Johnson & Scholes, 2002). The organization exists in the context of a complex commercial, political, economic, social, technological, environmental and legal world. This environment is not static and keeps changing and more complex for some organizations than for others (Thompson, 1997). For successful strategy implementation, it is important for the company to understand historical and environmental effects as well as expected or potential changes in environmental variables in which it operates (Johnson & Scholes, 2002).

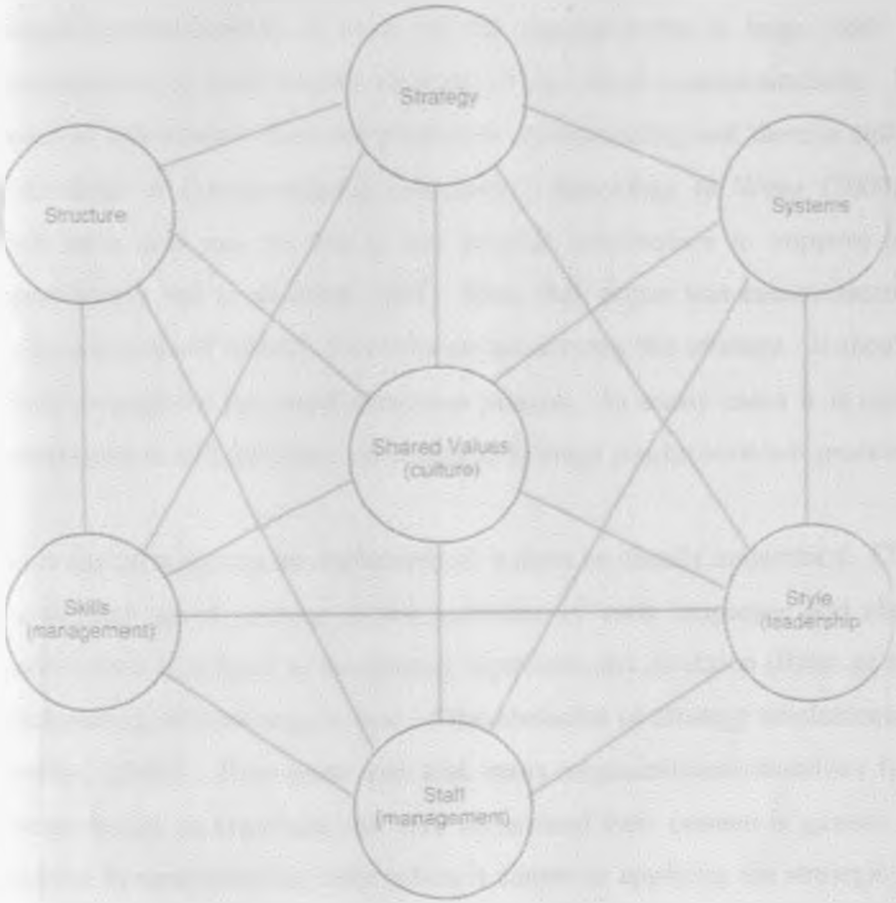
The resources and competences of the organization make up its strategic capability, which enables success in implementation of chosen strategies. Just as there are outside influences on the organization and its choice and strategy implementation of strategies, so there are internal influences (Reed & Buckley, 1988). These internal factors constitute strengths and weaknesses. Competences such as skills and know-how enhance successful strategy implementation.

Leadership is needed for effective strategy implementation, as this will ensure that the organization efforts is united and directed towards achievement of its goals (Pearce & Robinson, 1998). According to Koske (2003), leadership is considered to be one of the most important elements affecting organizational performance. Leadership of the organization should be at the forefront in providing vision, initiative, motivation and inspiration to the team members. The management should cultivate team spirit and act as a catalyst (facilitator) in the whole strategy implementation process. As much as possible, the leadership of the organization should fill relevant positions with qualified people committed to the change efforts (Bryson, 1995). With the changing environment, there emerge a number of influences on an organization's purpose. Questions on who should an organization primarily serve and how should managers be held responsible influence strategy implementation. The changing expectations of different stakeholders affect the purpose and focus of the strategy (Johnson & Scholes, 2002). Cultural influences from within the organization and from the world around it also influence the strategy (Pearce & Robinson, 1994).

McKinsey 7-S Framework- Is a tool that can be used to understand the strategy implementation challenges. The topic of strategic implementation has received considerable attention from executives, authors, and researchers during the last decade as they sought to understand the reasons behind the superior performance of the world's "best companies". One of the early and widely accepted frameworks that identify the key factors that best explain superior performance was the McKinsey 7-S Framework, provided in figure 1.

This framework provides a useful visualization of the key components managers must consider in making sure a strategy permeates the day – to – day life of the firm. Once the strategy has been designed, the McKinsey framework suggest that managers focus on six components to ensure effective implementation, notably structure, system shared values (culture) skills, style and staff. These six components can be classified into four basic elements through which managers can implement strategy. These elements are structure, leadership, culture and system for rewarding performance as well as monitoring and controlling organizational action.

Figure 1: McKinsey 7-S Framework



Source: David (1997) Strategic Management. p. 340

2.5 Strategy Implementation Challenges

There are many organizational characteristics (context), which act to constrain strategy implementation. Of particular importance are structure, corporate culture, politics and managerial styles (Burns, 1996). Challenges that occur during strategy implementation phase is an important area of research because even the best strategy would be ineffective if not properly implemented. Despite the fact that challenges to successful strategy implementation have not been widely investigated, there are some issues that have surfaced in many studies.

The most important problem experienced in strategy implementation in many cases is the lack of sufficient communication. Aaltonen and Ikavalko (2001) state that the amount of strategic communication in most of the organizations is large, both written and oral communication is sued, mostly in form of top down communications. However, a great amount of information does not guarantee understanding and there is still much to be done on the field of communicating strategies. According to Wang (2000), communication should be a two way so that it can provide information to improve understanding and responsibility, and to motivate staff. Also, they argue that communication should not be seen as a nonce-off activity focusing on announcing the strategy. It should be an on-going activity throughout the implementation process. In many cases it is not so and therefore communication still remains a challenge to strategy implementation process.

Before any strategy can be implemented, it must be clearly understood. Clear understanding of a strategy gives purpose to the activities of each employee and allows them to link whatever task is at hand to the overall organizational direction (Byars et al, 1996). Lack of understanding of a strategy is one of the obstacles of strategy implementation (Aaltonen & Ikavalko, 2001). They point out that many organizational members typically recognize strategic issues as important and also understand their context in generic terms. However, problems in understanding arise when it comes to applying the strategic issues in the day-day decision-making.

While the strategy should be chosen in a way that it fit the organization structure, the process of matching structure to strategy is complex (Byars et al, 1996). The structure that served the organization well at a certain size may no longer be appropriate for its new or planned size. The existing structures and processes in the organization support the current ways of doing things and if the strategy indicates that the organization need to behave in different ways there is likely to be problems should the existing structures be used to implement the changes (Campbell et al, 2002). The current structures may as well distort and dilute the intended strategy to the point where no discernible change takes place. According to McCarthy et al (1996), creating that structure and the attendance behaviour changes is a formidable challenge. The fundamental challenge for managers is the selection of the organization structure and controls that will implement the chosen strategies effectively.

Changes in strategy often require changes in the way an organization is structured. Organizations can be captured by their structures and systems (Johnson & Scholes, 2002). This is because, structure dictates how policies and objectives are established. Resource allocation of an organization is dependent on the kind of structure the organization has. There is no one optimal organizational design or structure for a given strategy or type of an organization (David, 1997 and Pearce & Robinson, 1994).

When an organization changes its strategy, the existing organizational structure may become ineffective (Wendy, 1997). Symptoms of an ineffective organizational structure include too many levels of management, too many meetings attended by too many people, interdepartmental conflicts, large span of control and many unachieved objectives (David, 1997). Changes in structure should not be expected to make a bad strategy good, or to make bad managers good, or to make bad products sell (Chandler, 1962). According to Wang (2000), senior managers might leave too soon after the process has been started. When senior managers step out of the picture, after implementation begins, this undermines staff's commitment and enthusiasm for strategy. According to him, staff often distrust new strategy and prefer old and familiar situation. Staff attitudes and perspectives go a long way towards subverting the company's plan.

Cultural impact underestimation is yet another challenge to strategy implementation. The implementation of a strategy often encounters rough going because of deep-rooted cultural biases. It causes resistance to implementation of new strategies especially in organizations with defender cultures. This is because they see change as threatening and tend to favour "continuity" and "security" (Wang, 2000): It is the strategy maker's responsibility to choose a strategy that is compatible with the "sacred" or unchangeable parts of the prevailing corporate culture (Thomson & Strickland, 1989).

Creating an organization culture, which is fully harmonized with strategic plan, offers a strong challenge to the strategy implementer's administrative leadership abilities. Aosa (1992) observes that lack of compatibility between strategy and culture can lead to high organizational resistance to change and de-motivation, which can in turn frustrate the strategy implementation. Management should strive to preserve, emphasize, and build upon aspects of an existing culture that support new strategic choices. Culture may be a factor that drives the strategy rather than the other way round (Kazmi, 2002). If the existing culture is antagonistic to a proposed strategy, then it should be identified and changed to be supportive. People can be captured by their collective experience deeply rooted in their past successes, organizational and institutional norms (Johnson and Scholes, 2002). Changing a firm's culture to fit new strategy is usually more effective than changing a strategy to fit existing culture (David, 1997).

Resource insufficiency is another common strategy implementation challenge. David (2003) argues that allocating resources to particular divisions and departments does not mean that strategies will be successfully implemented. This is because a number of factors commonly prohibit effective resource allocation. These includes; overprotection of resources, too great emphasis on short-run financial criteria, organizational policies, vague strategy targets, reluctant to take risks, and lack of sufficient knowledge. All organizations have at least four types of resources that can be used to achieve desired objectives. Financial resources, physical resources, human resources, and technological resources (Thompson, 1990). Resource allocation is a central management activity that allows for strategy execution. Strategic management enables resources to be allocated according to priorities established by annual objectives. Organizations may be captured by their resource legacy or assumptions people make about what resource priorities really matter (Johnson & Scholes, 2002). A number of factors commonly prohibit effective resource allocation. These include an overprotection of resources, too great an emphasis on short run financial criteria, organizational politics, vague strategy targets, a reluctance to take risks, and a lack of sufficient knowledge (David, 1997)

Also, established organizations may experience changes in the business environment that can make a large part of their resource base redundant and unless they are able to dispose off those redundant resources, they may be unable to free up sufficient funds to invest in the new resources that are needed and their cost base will be too high (Johnson & Scholes, 2002). They underscored this point very well when they asserted that, "The test of a plan is not how good the plan is itself. The test is whether management actually commits resources to action which will bring in the future."

Changes do not implement themselves and it is only people that make them happen (Bryson, 1995). Selecting people for key positions by putting a strong management team with the right personal chemistry and mix of skills is one of the first strategy implementation steps (Thompson & Strickland, 1998). Assembling a capable team, they point out, is one of the first cornerstones of the organization-building task. Strategy implementation must determine the kind of core management team they need to execute the strategy and then find the right people to fill each slot. Staffing issues can involve hiring new people with new skills (Hunger & Wheelen, 2000). Bryson (1995) observes that people's intellect, creativity, skills, experience and commitment are necessary in creating order, culture, systems, and structures that focuses and challenge to many organizations.

Organizations often find it difficult to carry out their strategies because they have executive compensation systems that measure and reward performance in a way that ignores or even frustrates strategic thinking, planning, and action (McCarthy et al, 1996). Most incentives programmes are designed only for top management and lower levels of management and operative employees do not normally participate (Byars, et al, 1996). If strategy accomplishment is to be a really top priority, then the reward structure must to linked explicitly and tightly to actual strategic performance (Thomson & Strickland, 1998). Bryson (1995) asserts that people must be adequately compensated for their work. McCarthy et al, (1996) argue that in many companies, much effort has been put into both strategy formulation and resource allocation process as a way to improve implementation and unfortunately, effort have not been wholly effective because the necessary measurement and rewards system that completes the cycle is lacking.

At its simplest, strategy is all about managing change and resistance to change can be considered the single greatest threat to successful strategy implementation. Strategic change is the movement of an organization from its present state towards some desired future state to increase its competitive advantage (Hill & Jones, 1999). The behaviour of individuals ultimately determines the success of failure of organizational endeavours and top management concerned with strategy and its implementation must realize this (McCarthy et al, 1996). Change may result to conflict and resistance. People working in organizations sometimes resist such proposals and make strategy difficult to implement (Lynch, 2000).

This may be due to result of anxiety to fear of economic loss, inconvenience, uncertainty, and break in normal social patterns (David, 2003).

What is clear from existing literature is that the approach to managing strategic change will need to be context dependent. It will not be the same for all situations in all types of organization. Managers therefore need to balance the circumstances they face. Moreover, managers need to be able to help create the sort of organizational context, which will facilitate change (Johnson & Scholes, 2002).

Organizational politics, unavoidable aspects, remains another key challenge in strategy implementation. Organization politics are tactics that strategic managers engage in to obtain and use power to influence organizational goals and change strategy and structure to further their own interest (Hill & Jones, 1999). Wang (2000), states that it is important to overcome the resistance of powerful groups because they may regard the change caused by new strategy as a threat to their own power. Top-level managers constantly come into conflict over what the correct policy decisions would be, and power struggles and coalition building is a major part of strategic decision making. According to them, the challenge organization face is that the internal structure of power always lags behind changes in the environment changes faster than the organization can respond.

Top managers need to recognize that they cannot plan everything (Taylor, 1986). Assumption that top management can plan strategy implementation at the top then cascade down through the organization is not tenable. It should be recognized that how top managers conceive strategies are not the same as how those lower down in the organization conceive of them (Johnson & Scholes, 2002). Therefore there needs to be ways of relating the strategic direction to the everyday realities of people in the organization. It is therefore vital that middle managers are engaged with and committed to such strategies so that they can perform this translation process (Kazmi, 2002).

Staff control of pay systems, often prevent line managers from using financial compensation as a strategic tool (David, 1997). How can an organization's reward system be more closely linked to strategic performance? Incentives such as salary raises, stock options, fringe benefits, promotions, praise, criticism, fear, increased job autonomy, and award can encourage managers and employees to push hard for successful strategy implementation (Johnson & Scholes, 2002). David (1997) suggested that for reward system to be closely linked to the strategic performance of an organization, the system should have: dual bonus system based on both annual objectives and long term strategic goals; profit sharing; gain sharing, this requires employees or departments to establish performance targets and if the set target is achieved, all members get bonuses and; sales, profit, production efficiency, quality and safety could also serve as bases for an effective bonus system.

2.6 Strategy Implementation Outcomes

Over the years, it has been established that there are basically three ways in which one can assess the success of a strategy at the implementation stage. The success or failure of strategies will depend on three main success criteria; suitability, acceptability and feasibility (Johnson & Scholes, 2000). Strategy implementation outcomes can be summarized by the following model in figure 2 below.

Figure 2: Strategy Implementation Outcomes

		Formulation	
		Good	**Poor**
Implementation	**Good**	Success	Roullette
	Poor	Trouble	Failure

Source: Thomson and Strickland (2003). **Crafting and Implementing Strategy.**

Suitability is concerned with whether a strategy addresses the circumstances in which an organization is operating. Suitability can be thought of as a rationale of a strategy and whether it makes sense in relation to the strategic position of an organization. Acceptability is concerned with the expected performance outcomes of a strategy and the extent to which these would be in line with expectations. Feasibility is concerned with whether a strategy could be made to work in practice. Assessing the feasibility of a strategy requires emphasis on more detailed practicalities of re-sourcing and strategy capability. It is important to assess organization`s capability resources and competences needed to succeed.

From figure 2 (previous page) it is clear that while there are four possible strategy implementation outcomes, only one represents success, while the other three outcomes may end in total failure or at best a gamble. This implies that for packaging firms in Nairobi to overcome the challenges they currently encounter during strategy implementation, they must seriously look at the issue of strategy formulation as away of enhancing successful strategy implementation. Successful implementation largely depends on formulation, if the formulation is wrong then implementation is unlikely to succeed. Packaging firms in Nairobi must go back to the drawing board and more importantly embrace strategic management process that would enhance good strategy formulation coupled with good strategy implementation programmes.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This study was a census survey aimed at determining the challenges encountered during strategy implementation, by firms in the packaging industry in Nairobi and how they were coping with such challenges. A descriptive study was chosen because according to Cooper and Schindler (2001), it is concerned with finding out who, what, where, when and how of variables, which is the concern of this research. The data was drawn from firms in packaging industry in Nairobi to bring out the key findings that would shed light on the subject among similar firms in packaging industry in Nairobi.

3.2 Target Population

The target population for the purposes of this study consisted of all firms in the packaging industry in Nairobi. According to Kenya Association of Manufacturers' Survey 2006, there were about 35 packaging firms in Kenya, however, according to the Ministry of Trade and Industry, there were 41 packaging firms registered in Kenya, of which about 25 firms were located in Nairobi. According to the ministry, this figure could be slightly higher owing to the fact that the records have not been updated since 2004. The Ministry of Trade and Industry conceded that some firms may have exited with others entering the industry.

3.3 Data Collection

The study used primary data collected using questionnaire method. The questionnaire was structured with most questions closed and a few open ended covering issues on strategy implementation and challenges. The purpose of primary data was to determine the challenges faced in packaging industry during strategy implementation and how the firms coped with such challenges. Emails, drop-and-pick methods were used to distribute and collect completed questionnaires from senior management. Brief follow up interviews were used mainly to solicit for more information and/or seek further clarifications where necessary. This method of data collection has been proven in similar studies such as Awino (2001), Koske (2003) and Michael (2004).

The questionnaire was in six parts: The first gave information about the respondent; the second part sought to establish whether the organization practiced strategic management; the third part sought to establish evidence of strategy implementation, the forth part dealt with institutionalization of strategy; the fifth part established challenges encountered during strategy implementation and the final part sought to establish how the firms were coping with such challenges.

3.4 Data Analysis

Descriptive statistics was used to analyzc data collected. This involved use of mean scores, percentages and frequencies to measure and compare the outcomes. Percentages were used to summarize responses on general information as well as whether or not strategic management was practiced in the surveyed firms. Mean scores were used to determine the extent to which the identified challenges affect strategy implementation. Tables have also been used to help explain the research findings.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the analysis and findings of the study. These are presented in two major sections: First, the chapter discusses the challenges encountered by packaging firms in Nairobi during strategy implementation and the impact of such challenges. Secondly, the strategies used by these firms to cope with the challenges encountered during strategy implementation. The data collected was analyzed using mean scores and standard deviation. Being a census survey, all packaging firms in Nairobi according to the Ministry of Trade and Industry record were surveyed. Out of the possible 30 firms only 26 responded representing 86% of firms under this study. Details of the packaging firms in Nairobi according to Ministry of Trade and Industry Directory 2004, showing company name, postal address, telephone contact, physical address and nature of product are presented in Appendix I.

4.2.1 Strategy Implementation Challenges Encountered

The first objective of the study was to determine challenges encountered during strategy implementation by packaging firms in Nairobi. The respondents were asked to rate the level at which each listed factor is a challenge and its impact, a 5-point scale was used, where 1 = Not at all and 5 = very great. This was an attempt to reveal whether packaging firms in Nairobi face similar challenges faced by other industries as described in the literature review. A mean score and standard deviation in each category of rating was obtained and presented in Table 1 below.

It indicates the rating of each challenge on the level that the respondents believed it affected strategy implementation. Poor leadership style (3.8), wrong strategic choice (3.7), poor management of resources (3.6) and global trends in the industry (3.5) topped the list of challenges that significantly affected strategy implementation amongst packaging firms in Nairobi. While inadequate physical facilities (2.7), government interference and regulations (2.9), insufficient human resource skills (3.0) and wrong organizational structure (3.1) are considered to have less effect on strategy implementation.

Table 1: **Rating on the level of challenges**

Challenges	**Mean Score**	**Std Deviation**
Poor leadership style	3.8	1.34
Wrong organizational structure	3.1	1.21
Unsupportive organizational culture	3.2	1.48
Lack of financial resources	3.2	1.54
Insufficient human resource skills	3.0	1.41
Inadequate physical facilities	2.7	1.47
Inadequate technical know-how	3.3	1.38
Wrong strategic choice	3.7	1.65
Limited information technology capacity	3.2	1.41
Government interference and regulations	2.9	1.46
Poor management of resources	3.6	1.36
Global trends in the industry	3.5	1.44

Source: Research Data

4.2.2 Extent of Impact of Challenges Encountered

As a rider to objective one, researcher also wanted to find out the level of impact of the identified challenges. Respondents were asked to rate the level of impact of each challenges identified using a 5 point scale, where 1 = No impact at all and 5 = very great impact. The findings are tabulated in table 2 below. From the results tabulated below, it is clear that poor leadership style (4.1) wrong strategic choice (3.9) poor management of resources (3.8) and limited information technology capacity (3.7) are the challenges believed to have greater impact during strategy implementation. While inadequate physical facilities (2.7), wrong organizational structure (3.0), government interference and regulations (3.2) and global trends in the industry (3.1)

Table 2: **Rating on the extent of impact on challenges**

Challenges	Mean Score	Standard Deviation
Poor leadership style	4.1	1.18
Wrong organizational structure	3.0	1.17
Unsupportive organizational culture	3.5	1.33
Lack of financial resources	3.5	1.50
Insufficient human resource skills	3.6	1.24
Inadequate physical facilities	2.7	1.34
Inadequate technical know-how	3.5	1.10
Wrong strategic choice	3.9	1.59
Limited information technology capacity	3.7	1.29
Government interference and regulations	3.2	1.68
Poor management of resources	3.8	1.31
Global trends in the industry	3.1	1.45

Source: Research Data

4.3 Strategies for Coping with such Challenges

The second objective of the study was to establish how packaging firms in Nairobi are coping with strategy implementation challenges. The respondents were asked to rate the level at which the listed strategies were used to address the challenges encountered during strategy implementation. A 5-point scale was used, where 1 = not at all and 5 = very great extent. A mean score and standard deviation in each category of rating was obtained. The responses on strategies used in coping with strategy implementation challenges were summarized and presented in Table 3. From the findings, it is clear that staff training and empowerment (4.0), resource mobilization (3.9), aligning reward to strategy (3.8) and change of strategy (3.7) are the most preferred strategies when it comes to dealing with strategy implementation challenges. Other strategies used often used but to a lesser extent include change of management (3.0), corporate culture change (3.1) and structure adjustment (3.2). However, with a mean of 3 and above, it is clear that packaging firms prefer using a combination of strategies in dealing with strategy implementation challenges. Since challenges vary in type and impact, one or two strategies may not adequately deal with the challenges encountered during strategy implementation. It is critical that the right combination of strategies are used in tackling the identified challenges, because this could mean make or break and more often than not put the life of a company in the line.

Table 3: **Rating on the strategies used in dealing with the challenges**

Strategies	Mean Score	Standard Deviation
Change of leadership	3.0	1.14
Staff training and empowerment	4.0	1.06
Corporate culture change	3.1	1.07
Resource mobilization	3.9	1.11
Change strategy	3.7	1.11
Structure adjustment	3.2	1.14
Manage resistance to change	3.6	1.02
Improved communication	3.6	1.36
Make strategy process all inclusive	3.6	1.16
Align reward system to strategy	3.8	0.90

Source: Research Data

CHAPTER FIVE: CONCLUSION

In conclusion, which is the final chapter on this study, the findings of the research are summarized and discussed focusing on the main objectives of the study, which included establishing challenges encountered during strategy implementation and the extent of their impact. The study also sought to determine how packaging firms in Nairobi were coping with such challenges. The chapter also highlights the limitations of the study, suggestions for further research and the implications of the study for policy and practice.

5.1 Summary, Discussions and Conclusions

Strategy implementation is concerned with planning how the chosen strategy would be put in effect and effective management of the both deliberate and emergent changes. The implementation is usually the most difficult face strategic management process, often hit with numerous challenges. The objectives of this study were twofold; first to determine challenges encountered by packaging firms in Nairobi during strategy implementation and secondly to establish how the firms were coping with such challenges. The findings regarding these objectives are summarized, discussed and conclusions drawn are presented in the order of the objectives.

5.1.1 Strategy Implementation Challenges Encountered

The first objective of the study was to determine the challenges encountered by packaging firms in Nairobi during strategy implementation as described in the literature review. In order to achieve this objective the respondents were provided with a checklist of possible challenges from which respondents gave their level of rating. Results of the study show that major challenges encountered by packaging firms in Nairobi include poor leadership style, wrong strategic choice, poor management of resources and global trends in the industry. while minor challenges include inadequate physical facilities, government interference, insufficient human resource skills and wrong organizational structure.

In overall, poor leadership style can be said to be the main impediment to successful strategy implementation. Top management need to take a leading role in strategy implementation and by extension provide incentives to those who implement successfully their strategic plans. Linking or aligning of reward system to strategy implementation is of essence. It is also worth noting that the main challenges are all internal, meaning, packaging firms in Nairobi can actually deal with them in order to enhance strategy implementation success.

Of the challenges identified, the findings further reveal that poor leadership style, wrong strategic choice, poor management of resources and limited information technology capacity are believed to have greater impact, and can render even a good strategy useless. While inadequate physical facilities, wrong organizational culture, government interference and global trends in the industry are believed to have low impact.

The findings of this research on challenges encountered are well aligned to previous studies (Aosa, 1992; Koske, 2003) which confirms that implementation challenges cut across various industries and that what varies is the degree of impact and the extent of each challenge. As seen earlier in the literature review, strategy implementation challenges affect all industries whether in profit making business or non profit making.

In conclusion, like all other firms in other industries, it is clear from this research that packaging firms in Nairobi are also exposed to strategy implementation challenges. To be able to deal with these challenges, the firms must focus all their resources and systems towards strategy implementation, with special emphasis on those that have great impact.

5.1.2 Strategies for Coping with Challenges Encountered

The second objective of the study was to establish the packaging firms in Nairobi were coping strategy implementation challenges identified in objective one above. Results show that the main strategies used include staff training, resource mobilization, aligning reward to strategy and change of strategy, while other strategies such as change of leadership, corporate culture and structure adjustment used to a lesser extent.

From the study, it is evident that all packaging firms in Nairobi would resort to training as one was of dealing with strategy implementation challenges. However, since the main challenge is poor leadership staff training alone may not adequately deal with the challenges.

Change of leadership may be the ideal strategy to use in addition to embracing participative approach to strategy formulation.

In conclusion, one can say that there is no one best way of dealing with strategy implementation challenges, the best would be to deploy a combination of the above listed strategies with more emphasis on the major challenges facing your firm or industry.

5.2 Limitations of the Study

For completeness and better understanding of the implications of research findings, it is crucial that the limitations of this study are highlighted. This study covered a period of two months, which could not allow for adequate data collection and in-depth analysis of the data. Due to time constraint, the study confined itself to the challenges encountered during strategy implementation and by extension how packaging firms in Nairobi cope with such challenges. This meant that the study ignored other important aspects such as effective formulation and implementation planning. The other limitation encountered is that packaging industry consists of three sub sectors namely; metal, plastic and paper. The study does not distinguish between these sub sectors and therefore assumes that strategy implementation challenges encountered apply equally across these sub sectors and that they would also cope with the in the same way. The fact of the matter is that, these sub sectors faces different and unique business environment, and would react differently to challenges encountered, bearing in mind that management is sensitive to the context in which it is applied. This study also confined itself to packaging firms in Nairobi, it means that the findings may not be of use to other similar firms in Kenya but located outside Nairobi. Another limitation encountered during this study is the lack of current information about packaging firms in Nairobi. According to the Ministry of Trade and Industry, the most records held are those of 2004, which was last updated early that year. The study was confined to the list of registered packaging firms in Nairobi as provided by the Ministry, this means that some firms might have been left out in this census survey.

5.3 Suggestions for further Research

In general, no research can be considered to be an end in itself, however, more often than not, research findings always lead to more research opportunities with a view to bridging the existing knowledge gap in an area of study. From the findings of this research it is instructive that more research work be done on packaging firms in other parts of the country. This will further confirm whether all packaging firms in Kenya face similar challenges or not, this would be an important finding considering that management is sensitive to the context in which it is applied. Researcher recommends that replication study could be carried out after a certain period of time to confirm whether the research findings still hold. It would be interesting to research on the relationship between performance and strategic management practice, to find out whether strategic management guarantees superior performance or not. Last, further research could be conducted on the effectiveness of the strategies adopted in countering the negative effects of challenges encountered during strategy implementation.

5.4 Implications of the Study for Policy and Practice

The findings from this study clearly show that packaging firms in Nairobi have documented all the necessary tools for successful strategy implementation. These include formulation and documentation of annual objectives, policies and functional strategies. There is also further evidence that firms change their policies, structures and undertake staff trainings in order to deal with new strategies and/or address emerging challenges during implementation. The study reveal that though the above was done, issues such as poor leadership, lack of financial resources and unsupportive organizational culture continue to pose a major challenge during strategy implementation.

For packaging firms in Nairobi to fully implement documented strategies successfully, there is an urgent need to critically look at the leadership style. Sources of fund should also be a priority in order to deal with the strategies that require expansion or putting up of new facilities. Management and financial policies and plans must be put in place which support strategy implementation, this should be done at all levels of the firms.

It is also evident that packaging firms in Nairobi do not involve their staff in strategy formulation, this could be one of the reasons why strategic choices cannot be implemented fully hence leading to failure. Strategic management is a process hence separation of formulation and implementation as isolated activities cannot do any good to a firm. In order to correct this situation, firms need to start involving all staff in strategy formulation process, this will ensure that they own the process and will be willing to take responsibility in case of any failure. It will also enhance understanding of the documented strategies to be implemented.

Lastly, successful of strategy implementation depends on how well a firm aligns its strategy with capability, to avoid creating capability gap. Packaging firms in Nairobi should strive to critically assess and evaluate their capabilities in order to align them with chosen strategies before embarking on implementation. Functional strategies must also come from the firms' corporate strategy and should be referred to as often as possible to reduce the chances of deviating from long term objective. Packaging firms in Nairobi should also ensure that there is proper coordination at the individual level of functional strategies. These will ensure that packaging firms implement their programmes as per their corporate strategy as well as ensuring that implementation of functional strategies are harmonized with corporate strategy.

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APPENDICES

Appendix I: Registered Packaging Firms in Nairobi.

NO	NAME OF FIRM	POSTAL ADDRESS	PHONE NO	PHYSICAL LOCATION	PRODUCT
1	ALLPACK INDUTRIES LIMITED	P. O. BOX 8737, NAIROBI	22369/22604	MOMBASA ROAD	PAPER
2	BAGS AND BALES MANUFACTURER	P. O. BOX 76529, NAIROBI	651711	MASAI ROAD, OFF MSA ROAD	PAPER
3	BLOWPLAST LIMITED	P. O. BOX 17793 NAIROBI	558792/558649	NAIROBI-FUNZI ROAD	PLASTIC
4	CARTON MANUFACTURERS LTD	P. O. BOX 42930, NAIROBI	530687/8	WUNDANYI ROAD	PAPER
5	NAMPAK KENYA LTD	P. O. BOX 30101, NAIROBI	21231	LUNGA LUNGA ROAD	METAL
6	DODHIA PACKAGING LIMITED	P. O. BOX 42571, NAIROBI	531020	KAMPALA ROAD	PAPER
7	EAST AFRICAN PACKAGING INDUSTRIES	P. O. BOX 30146, NAIROBI	3955600	KITUI ROAD	PAPER
8	INTECH ENTERPRISES LTD	P. O. BOX 17504, NAIROBI	558349	BUSIA ROAD	PLASTIC
9	KEN ALUMINIUM PRODUCTS LTD	P. O. BOX 78012, NAIROBI	556597/541924	LUNGA LUNGA ROAD	METAL
10	KENYA POLYBAGS	P. O. BOX 47558, NAIROBI	552200	CHOGORIA ROAD	PLASTIC
11	KING PLASTIC INDUSTRIES LTD	P. O. BOX 32483, NAIROBI	557637	ISIOLO ROAD	PLASTIC
12	LANEEB LIMITED	P. O. BOX 48152, NAIROBI	555318/556821	NAIROBI-ROAD "A"	PLASTIC
13	PACKAGING MASTERS LTD	P. O. BOX 70251, NAIROBI	557441	LUNGA LUNGA ROAD	PAPER
14	PARAS INDUSTRIES LTD	P. O. BOX 45 - 00606, NBI	555625/555626	GAKOE ROAD	PLASTIC
15	PRESTIGE PACKAGING LIMITED	P. O. BOX 46826, NAIROBI	534410	MOMBASA-ROAD	PLASTIC
16	PRINTPACK	P. O. BOX 78354, NAIROBI	540450-4	LIKONI ROAD	PAPER
17	SILPACK INDUSTRIES LTD	P. O. BOX 22001, NAIROBI	557523	LIKONI ROAD	PAPER
18	SPRINGBOX KENYA LIMITED	P. O. BOX 63408, NAIROBI	540483/540355	NAIROBI-ROAD "B"	PLASTIC
19	TALANI PLASTICS MANUFACTURER	P. O. BOX 48594, NAIROBI	533645/6	MASAI ROAD	PLASTIC
20	TECHPAK INDUSTRIES LIMETED	P. O. BOX 30802, NAIROBI	544575/6	ROAD "A"	PLASTIC
21	TETRA PAK CONVERTERS LTD	P. O. BOX 78340, NAIROBI	553055	ENTERPRISE ROAD	PAPER
22	THERMOPAK LTD	P. O. BOX 17793, NAIROBI	550486/550487	FUNZI ROAD	PLASTIC
23	WAX & POLYPACK LTD	P. O. BOX 17592, NAIROBI	784832/792230	NEW KANGUNGO ROAD	PLASTIC
24	GENERAL PLASTICS	P. O. BOX 10032, NAIROBI	530032-5	MOMBASA ROAD NEAR SAMEER	PLASTIC
25	AFRO PLASTICS	P. O. BOX 34190, NAIROBI	552903/899/882	NEXT TO PRESSMASTER	PLASTIC
26	MAL PLASTICS	P. O. BOX 10849, NAIROBI	8562041/2/4	OFF BABA DOGO ROAD	PLASTIC
27	FRIENDSHIP	P. O. BOX 42785, NAIROBI	652512/3/4/5	LUNGA LUNGA ROAD	METAL
28	TIN CAN	P. O. BOX 78076, NAIROBI	537409	NANYUKI ROAD	METAL
29	METAL CROWNS LIMITED	P. O. BOX 45484, NAIROBI	532419/20	NANYUKI ROAD	METAL
30	ROMAT	P. O. BOX	535389	RUARAKA	METAL

Source: Ministry of Trade and Industry Directory, 2004

Appendix II: Table 4: Statements on institutionalization of chosen strategies

Statement	Mean Score	Standard Deviation
There has been change in organizational structure since inception	3.4	1.09
Current organizational structure support implementation of company's strategic plans	3.4	0.94
Current corporate culture support implementation of company's strategic plans	3.1	0.95
The CEO of your firm has been in the forefront in providing leadership to ensure strategy implementation	3.5	0.90
The procedures followed by your firm are supportive of the strategy implementation	3.4	0.84
The management staff have the skills that ensure successful implementation of strategy	3.4	0.93
In the last 5 years there has been massive staff training to enhance their ability to implement the new strategies	3.1	1.07
Financial resources required for strategy implementation has been readily available	3.4	0.93
The reward policy of the firm support implementation of strategic plans.	3.3	0.88

Source: Research Data

Appendix III: Table 5: Reaction on the formulation of annual objectives.

Choice	Frequency	Percentage
By board of directors	7	28
By top management	11	44
By heads of Depts	6	24
By all staff	1	4
Total	**25**	**100**

Source: Research data

Appendix IV: Table 6: Reaction on adequacy of current policies in supporting strategic plans.

Choice	Frequency	Percentage
Fairly inadequate	1	4.5
Average	6	27.3
Fairly adequate	11	50.0
Very adequate	4	18.2
Total	**25**	**100**

Source: Research data

Appendix V: Letter of Introduction

July 25th 2007

Dear Respondent,

RE: RESEARCH DATA COLLECTION

This questionnaire is designed to gather information on **strategy implementation challenges facing packaging firms in Nairobi**. The study is being carried for a management project paper as a requirement in partial fulfillment for the degree of Masters of Business Administration, School of Business, University of Nairobi.

The information in this questionnaire will be treated with confidentiality and in no instance will your name be mentioned in this research. Also, the information will not be used for any other purpose other than for this research.

Your assistance in facilitating the same will highly be appreciated. A copy of this research paper will be made available to you upon request.

Thanking you in advance.

Yours Sincerely,

Meshack Dwallow
MBA STUDENT.

Dr. Martin Ogutu
SUPERVISOR.

Appendix VI: Questionnaire

PART A: RESPONDENT'S PERSONAL DETAILS

1. Department…………………………………………………
2. Position Held…………………………………………………
3. Number of years in the position……………………………

PART B: STRATEGIC MANAGEMENT PRACTICE

1. (a) Does your company have strategic plans? Yes [ ] No [ ]

   (b) If yes, how many years do they cover?

   i. 1 – 3 years [ ]

   ii. 4 – 6 years [ ]

   iii. 7 – 9 years [ ]

   iv. Over 10 years [ ]

   v. Other, please specify…………………………………………………………

2. (a) Have you reviewed your plans in the last 5 years? Yes [ ] No [ ]

   (b) If yes, how often?

   i. Quarterly [ ]

   ii. Annually [ ]

   iii. Bi-annually [ ]

   iv. Every 3 years [ ]

   v. Other, please specify…………………………………………………………

3. (a) Who formulates strategies in your company? Yes [ ] No [ ]

   i. Executive Director/CEO [ ]

   ii. Top management [ ]

   iii. All employees participate [ ]

   iv. Consultants [ ]

   v. Other, please specify…………………………………………………………

PART C: EVIDENCE OF STRATEGY IMPLEMENTATION

1. (a) Does your company have annual objectives? Yes [ ] No [ ]

   (b) If yes, how are they set?

   i. By board of directors [ ]

   ii. By top management [ ]

   iii. By heads of departments [ ]

   iv. Through participation of all employees [ ]

   v. Other, please specify...

2. (a) Does each department in your company have functional strategies? Yes [ ] No [ ]

   (b) If yes, where are they derived from?

   i. Company`s strategic plans [ ]

   ii. Customer feedback [ ]

   iii. Management meetings [ ]

   iv. Other, please specify...

3. (a) When were the functional strategies above last reviewed?

   i. 2005 [ ]

   ii. 2006 [ ]

   iii. Have never been reviewed [ ]

   iv. Other, please specify...

4. Do you change the company policies when new strategies are formulated? Yes [ ] No [ ]

5 Does your company refer to the strategic plans when planning to execute its activities?

   i. Always [ ]

   ii. Very often [ ]

   iii. Occasionally [ ]

   iv. Rarely [ ]

   v. Not at all [ ]

6. Do the current policies adequately support the company`s strategic plans? Please circle the choice that best describe the status. Use the 5 points scale, where 5 = very adequate and 1 = not at all. 1 2 3 4 5

   Please explain your answer.

   ....

   ....

PART D: EVIDENCE OF INSTITUTIONALIZATION OF CHOSEN STRATEGIES

Please answer the following questions by ticking in the box that best describes your level of agreement or disagreement with each statement. Where 1 = strongly disagree, 2 = disagree, 3 = agree, 4 = strongly agree and 5 = do not know

Statement	1	2	3	4	5
There has been a change in organizational structure of your company since its inception.					
The current organizational structure support implementation of your company`s strategic plans.					
The current corporate culture support implementation of your company`s strategic plans.					
The CEO of your company has been in the forefront in providing leadership to ensure strategy implementation.					
The procedures followed by your company are supportive of the strategy implementation.					
The management staff has the skills that ensure successful implementation of strategy.					
In the last 5 years there has been massive staff training to enhance their ability to implement the new strategies.					
Financial resources required for strategy implementation has been readily available.					
The reward policy of the company support implementation of strategic plans.					

PART E: CHALLENGES IN STRATEGY IMPLEMENTATION

(a) For each of the following factors, indicate the extent to which the factor is considered a challenge and the extent of its impact. Use a 5-point scale where 1 = Not at all and 5 = very great, circle the appropriate scale.

	Extent of Challenge	Extent of Impact
1. Poor leadership style	1 2 3 4 5	1 2 3 4 5
2. Wrong organizational structure	1 2 3 4 5	1 2 3 4 5
3. Un-supportive organizational culture	1 2 3 4 5	1 2 3 4 5
4. Lack of financial resources	1 2 3 4 5	1 2 3 4 5

5. Insufficient human resource skills	1 2 3 4 5	1 2 3 4 5
6. Inadequate physical resources	1 2 3 4 5	1 2 3 4 5
7. Inadequate technical know-how	1 2 3 4 5	1 2 3 4 5
8. Wrong strategy choice	1 2 3 4 5	1 2 3 4 5
9. Limited information technology capacity	1 2 3 4 5	1 2 3 4 5
10. Government interference and regulations	1 2 3 4 5	1 2 3 4 5
11. Poor management of resources	1 2 3 4 5	1 2 3 4 5
12. Global trends in the industry	1 2 3 4 5	1 2 3 4 5
Others (please specify and rate)		
....	1 2 3 4 5	1 2 3 4 5
....	1 2 3 4 5	1 2 3 4 5

(b) In your opinion how do you rate the level of the company's determination in implementing these strategies? 1 = not determined and 5 = highly determined 1 2 3 4 5

PART F: STRATEGIES FOR COPING WITH CHALLENGES ENCOUNTERED.

To what extent do you apply each of the following strategies to address the challenges encountered in strategy implementation. Use a 5-point rating scale where 1 = Not at all and 5 = Very great extent, circle the appropriate scale.

1. Change of leadership	1 2 3 4 5
2. Staff training and empowerment	1 2 3 4 5
3. Corporate culture change	1 2 3 4 5
4. Resource mobilization	1 2 3 4 5
5. Change of strategy	1 2 3 4 5
6. Structure adjustment	1 2 3 4 5
7. Manage resistance to change	1 2 3 4 5
8. Improved communication	1 2 3 4 5
9. Make strategy process all inclusive	1 2 3 4 5
10. Align reward system to strategy	1 2 3 4 5
Others (please specify and rate)	
....	1 2 3 4 5
....	1 2 3 4 5