

**CHALLENGES OF STRATEGY IMPLEMENTATION AT KENYA
INDUSTRIAL ESTATES LIMITED**

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**A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
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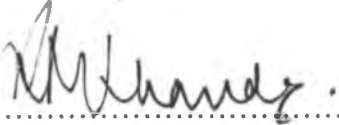
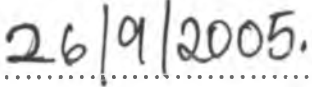
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DECLARATION

This research project is my original work and has not been submitted for another degree of this or any other university or institution of learning.

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

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DEDICATION

I dedicate this research project to my dear parents James Ating'a Angayo and Benta Akelo Atinga for the foundation they laid.

A special dedication to my husband Prof. James Opiyo Ochanda and my children Ida Owindu Ochanda, Gershom Ochanda and Romana Adero Ochanda for their patience during the period I was constrained of time.

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TABLE OF CONTENTS

DECLARATION.....	i
DEDICATION.....	ii
ACKNOWLEDGEMENT.....	iii
LIST OF TABLES	vi
LIST OF FIGURES	vii
ABSTRACT	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background.....	1
1.1.1 State Corporations.....	2
1.1.2 Kenya Industrial Estates Limited.....	4
1.2 Statement of the Problem.....	7
1.3 Research Objective	9
1.4 Importance of the Study.....	9
CHAPTER TWO: LITERATURE REVIEW.....	10
2.1 The Concept of Strategy	10
2.2 Strategic Planning Process.....	11
2.3 Strategy Implementation.....	12
2.4 Challenges of Strategy Implementation.....	13
2.4.1 Institutional Challenges	14
2.4.2 Operational Challenges.....	19
2.5 Successful Strategy Implementation.....	26
CHAPTER THREE: RESEARCH METHODOLOGY	28
3.1 Research Design.....	28
3.2 Data Collection	28
3.3 Data Analysis.....	29
CHAPTER FOUR: DATA ANALYSIS AND FINDINGS.....	30
4.0 Introduction.....	30
4.2 The Strategic Planning Process.....	30
4.3 Strategy Implementation.....	32
4.3.1 Implementation of the Years' 1996 – 2001 Strategic Plan.....	33

4.3.2	Implementation of the Years' 2003 – 2008 Strategic Plan	34
4.4	Challenges of Strategy Implementation of the Two Strategic Plans	34
4.4.1	Structural Challenges	35
4.4.2	Leadership Challenges	36
4.4.3	Cultural Challenges	37
4.4.4	Reward or Motivation Challenges	39
4.4.5	Policies	40
4.4.6	Tactical and Operational Plans	42
4.4.7	Resource Allocation	43
4.4.8	Management and Employee Involvement	45
4.4.9	Operational Objectives	46
4.4.10	Annual Objectives	47
4.4.11	Budgetary Allocation	47
4.4.12	Communication of Responsibility and Accountability	48
CHAPTER FIVE: CONCLUSION	49
5.0	Introduction	49
5.1	Summary, Discussions and Conclusions	49
5.1.1	Summary	49
5.1.2	Discussions	50
5.1.3	Conclusions	51
5.2	Limitations of the Study	52
5.3	Suggestions for Further Research	52
5.4	Recommendation for Policy and Practice	53
REFERENCES	55
APPENDICES	60

LIST OF TABLES

Table 1: Strategic Planning Process.....	30
Table 2: Structural Challenge.....	35
Table 3: Leadership Challenges.....	36
Table 4: Cultural Challenges.....	37
Table 5: Reward or Motivational Challenges.....	39
Table 6: Policies, Procedures and Support Systems.....	40
Table 7: Tactical and Operational Plans.....	42
Table 8: Resource Allocations.....	43
Table 9: Management and Employee Involvement.....	45
Table 10: Operational Objectives	46
Table 11: Annual Objectives.....	47
Table 12: Budgetary Allocations.....	47

LIST OF FIGURES

Figure. 1: The SMART Performance Pyramid.....	24
Figure 2: Vicious Circle of Performance.....	38

ABSTRACT

The objective of this study was to determine strategy implementation challenges at Kenya Industrial Estates Limited. The research was conducted through a case study. In-depth interviews were conducted with the board members, top-level managers, the middle level managers and the shop floor employees with the help of an interview guide. A conceptual and qualitative content analysis was the best-suited method for data analysis.

In the recent past, Kenya Industrial Estates Limited has formulated and implemented two (2) 5-years strategic plans being the years 1996-2001, and the years 2003-2008 strategic plans. During the implementation of the years 1996-2001 strategic plan focus was on cost cutting. The organisation, however, continued performing dismally. In the implementation of the years' 2003-2008 strategic plan, out of the strategy critical aspects of the organisation, the organisation was only able to align its structure, culture and leadership to its strategy. Policies, procedures and support systems, the reward, and motivational structures, resource allocation and budgetary allocation continued posing a challenge to the successful implementation of the strategy. Similarly, the importance of communication of responsibility and accountability, with regard to the strategic plans, was overlooked. The organisation continued in its poor performance. The strategy implementation challenges experienced by the organisation were enhanced by both restrictive regulations and policies under which state corporations operate. The organisation had no control over these policies and regulations

Kenya Industrial Estates Limited like any other state corporation operates in a complex environment, which is more unpredictable and less stable. This notwithstanding, it is expected to emulate the private sector, and operate competitively. However, state corporations do not operate as freely as the private enterprises. The state corporations' objectives fluctuate in their order of priority depending on the restrictions and the changes in the governing regulations, and the changes in the broader policies formulated by the Government. This situation places Kenya Industrial Estates Limited in a very awkward position in that, it is unable to operate commercially and reflect profits.

CHAPTER ONE: INTRODUCTION

1.1 Background

The strategy implementation process is easily the most complicated and time-consuming part of strategic management (Hrebiniak, 2005). Most managers know a lot more about strategy formulation than implementation. Successful strategy formulation does not guarantee successful strategy implementation. Although intricately linked strategy implementation is fundamentally different from strategy formulation. Strategy implementation is difficult, and worthy of management's attention across all levels of an organisation.

According to Newman and Colleagues (1989) a large part of the time of managers is devoted to execution, that is, detailed programming, motivating, and controlling. However, no services are rendered and no profits are earned until action by first line managers actually takes place. All managers thus bear responsibility for successful implementation. It is not just a lower level task. Without understanding and commitment, strategy implementation efforts face major problems (David, 1997). Managers are prone to overlook implementation realities. Therefore, many strategies fail at the strategy implementation stage. Indeed, it is always difficult to do something than to say you are going to do it. Implementation requires a little more than a single question, 'Can we do it?' It calls for organisational analysis to help drive the decision and the implementation process. Managing implementation, and the organisational issues that go with it, is so frequently the graveyard of strategy. (Grundy, 1995).

Difficulties in strategy implementation are partly occasioned by obstacles or impediments to the implementation process. Hrebiniak (2005) observes that these difficulties often include longer timeframes needed for execution; the need for involvement of many people in the implementation process; poor or vague strategy; conflicts with the organisational power structure; poor or inadequate sharing of information; a lack of understanding of organisational structure, including information sharing and coordination

methods; unclear responsibility and accountability in the implementation process; and an inability to manage change, including cultural change.

Although in reality, there may be a separation of formulation and implementation tasks, the two are highly interdependent. Planning affects implementation. The implementation of strategy, in turn, affects changes to strategy and formulation over time. However, putting the strategy into effect and getting the organisation moving in the chosen direction call for a different set of managerial tasks and skills (Thompson & Strickland, 1993). That is, implementation must permeate the very day-to-day life of the company for strategy to be effectively implemented (Pearce & Robinson, 2002). It cuts across actually all facts of managing and must be initiated from many points inside the organisation. It affects an organisation from top to bottom, and it impacts all the functional and divisional areas of a business. Depending on the amount of internal change involved, full implementation can take several months to several years (Thompson, 1990).

Whereas crafting strategy is largely an entrepreneurial activity, implementing strategy is largely an internal and administrative activity. Whereas successful strategy formulation depends on business vision, market analysis and entrepreneurial management, successful implementation depends on working through, either, organizing, motivating, culture building, and creating strong fits between strategy and how the organisation does things. Ingrained behaviour does not change just because a new strategy has been announced. Implementing strategy is tougher, more time consuming, and challenging than crafting strategy. Practitioners emphatically agree that it is a whole lot easier to develop a sound strategic plan than it is to make it happen (Thompson & Strickland, 1993).

1.1.1 State Corporations

A state corporation is an enterprise in which the government is the majority shareholder. The history of state corporations can be traced back to the early days of colonial rule in

Kenya. During this period state corporations were established, mainly in transport, communication and agriculture, to enable the exploitation of the colonial territory. After independence the new government, through Sessional Paper No.10 of 1965 titled "African Socialism and its Application to Planning Kenya", announced a series of policy initiatives that emphasized the complimentary roles of the public and private sectors in national development. The government set out deliberate strategies for development aimed at the decolonisation of the economy, increasing indigenous participation in the economy, promoting development and regional balance, and attaining greater public control of the economy. In order to speed up the achievement of these objectives, the government established more corporations in other sectors of the economy such as commerce, industry, tourism, construction, insurance and banking. The number of commercially oriented state corporations in Kenya rose to 240 by the mid 1980s. The tremendous growth in the number of such corporations demonstrated the government's commitment to accelerating national development, promoting equitable regional development and encouraging popular participation in the development process. Despite the confidence placed in the corporations, and even though they, as observed by the Private Sector Corporate Governance Trust, appeared to possess great potential as agents for national development, they performed poorly thereby becoming a burden on the Exchequer.

The 1990s' introduction of structural adjustment programmes posed a new challenge to state corporations. The Policy Paper on Public Enterprise Reform and Privatisation set out seven reform measures aimed at having state corporations operate on commercial principles, viz. a major goal of a state owned enterprise was profitability through efficient operation in a competitive environment. Most of the state corporations thus faced contradictory demands of providing non-commercial services to meet special socio-economic obligations, and at the same time to operate commercially. The desire to meet these conflicting demands saw most state corporations crafting strategies. In any case, the government made strategic management of state corporations compulsory. However, much as formulation of the strategies took place, mainly, through the expertise of

external consultants hence good strategies, most of the state corporations persisted in their poor performance.

It is worth noting that state corporations' competitiveness is inhibited. The State Corporations Act, Chapter 446 of the Laws of Kenya places the powers of appointing chairmen of state corporations solely on the president. The ministries under which state corporations operate play a key role in the appointment of the chief executive of the state corporations. Until recently, appointment of the chief executives for the state corporations was generally not on a competitive basis. Besides, the Act restricts the powers of state corporations to borrow. Thus state corporations while expected to emulate the private sector, do not operate as freely as private enterprises. Kenya Industrial Estates Limited is one of these state corporations.

1.1.2 Kenya Industrial Estates Limited

Kenya Industrial Estates Limited is a limited liability company incorporated under the provisions of the Companies Act, Chapter 486 of the Laws of Kenya. It is a state corporation wholly owned by the government. It was incorporated in the year 1967, and until 1978 it operated as a subsidiary of Industrial and commercial development Corporation. It is a government owned development finance institution besides Industrial and Commercial Development Corporation, Industrial Development Bank and Kenya Tourism Development Corporation. All these institutions operate under the Ministry of Trade and Industry. Development finance institutions in Kenya have traditionally been chosen instruments to accelerate long-term investment necessary to achieve rapid economic growth. According to the Economic Recovery Strategy for Wealth and Employment Creation (2003-2007) government owned development finance institutions are strategic.

Kenya Industrial Estates Limited is mandated to promote development of indigenous small and medium enterprises in Kenya. Its vision is to be the best managed and financially sound development institution in the small and medium enterprise sector while its mission is to facilitate development and incubation of small and medium enterprises countrywide by establishing industrial parks, providing affordable credit and extending business development services. It operates within the broad framework of government policies and potential development plans. Since its incorporation, Kenya Industrial Estates Limited has experienced both fairly stable and highly turbulent environment. Over the years, Kenya Industrial Estates Limited, with support from the government has played a key role in industrializing the economy. It has created and sustained over 200,000 direct jobs, alongside another 800,000 indirect jobs. In addition, Kenya Industrial Estates Limited has facilitated the spread of industrial activity into the rural areas, exploitation of locally available raw materials, and inculcation of entrepreneurial culture into the indigenous business community. Evidence from both the developed and developing economies clearly indicates that national development finance institutions such as Kenya Industrial Estates Limited have a crucial role to play in the industrialization of any country, given the fact that they also consider economic and social benefits of an enterprise, unlike commercial banks that are purely profit driven .

With the advent of the Structural Adjustment Programmes in the late 1990s, and subsequent policy changes in the local and international economic environment, development finance institutions' capacity to meet the growing demand for their traditional services has severely eroded. These policy changes shifted focus to the private sector at the expense of public institutions. Apparently, in the 1960s when the environment was fairly stable, there were abundant business opportunities and rapidly expanding businesses. Kenya Industrial Estates Limited dominated and more or less monopolized the small and medium scale financial market. It faced little or no competition at all. Until the early 1990s it received loans and grants from a wide range of donors such as the Government of Kenya, International Development Authority, Norwegian Agency for International Development, European Development Community, Kreditanstalt Fur Weideraubau and Deutsche Gesellschaft Fur Technical

Zusammenarbeit to the tune of about Kshs.2billion. This enabled it to develop 448 industrial incubators in 28 towns countrywide constituting 28 industrial estates, at a cost of Kshs 156 million, finance over 11,000 enterprises at a cost of Kshs.2billion and train more than 15,000 entrepreneurs. It substantially contributed to employment and wealth.

Kenya Industrial Estates Limited started experiencing declining performance with the introduction of the Structural Adjustment Programmes. Structural Adjustment Programmes, characterized by economic liberalization and deregulation as spearheaded by Bretton Woods institutions, resulted in policy shifts that adversely affected government owned institutions to the extent that their funding was drastically reduced. Suddenly, the government ceased providing Kenya Industrial Estates Limited with recurrent expenditure support, and donor support fizzled out. Kenya Industrial Estates Limited experienced a growing decline in funds for investment. Therefore, the revenue Kenya Industrial Estates Limited made went towards meeting recurrent expenditure, the surplus, if any, though inadequate, was re-invested into new projects. An organisation that generally monopolized the micro and small-scale industry financial market was now faced with competition from commercial banks, and micro finance institutions. This meant increased environmental turbulence, reduced business opportunities, and increased competition. However, the government expected Kenya Industrial Estates Limited to operate commercially, and reflect profits.

Faced with this scenario, there was certainly need for strategic management to enable Kenya Industrial Estates Limited to manage the relationship between it and its environment. Through an external consultant, Kenya Industrial Estates Limited came up with a 5-year strategic plan in the year 1996. Implementation, however, focused on downsizing and cost cutting. The organisation's branches were reduced from 32 to 21 and employees were reduced from 600 to 200. Similarly, non-core activities were outsourced, and the two independently operating micro, and small-scale enterprises programmes were merged. The need to realign the leadership, structure, culture and resources with the new strategy was, however, overlooked. The performance of the organisation continued

declining and, overtime, Kenya Industrial Estates Limited could neither meet its recurrent expenditure nor its mandate.

Another 5-year strategy was, through, yet again, an external consultant, formulated and launched in the year 2003. This time round cost cutting and downsizing were inappropriate as the company was already stretching its resources too thin. The focus was this time round on leadership, structure, resources and culture. The intention being to transform the organisation into the best-managed development finance institution. Leadership -changes in the year 2003 brought about changes in the structure of the organisation. Kenya Industrial Estates Limited shifted from a tall structure with many layers to a flat process oriented functional structure, with fewer layers between the top management and the shop floor employees. Similarly, the culture was changed in that, far from being lethargic and complacent, the management and staff were now result oriented. However, still, the organisation was operating on a shoestring budget. It faced statutory restrictions against independently sourcing for funds. In any case, its dismal performance over the years had rendered its balance sheet unattractive to would be investors, and strategic partners.

1.2 Statement of the Problem

Kenya Government views state corporations as a powerful vehicle for economic development and economic independence. Therefore, the Kenya Government attaches a lot of importance on the management and performance of these enterprises. State corporations have, however, often been a subject of concern to the government and parliamentarians, especially in matters pertaining to financial management and overall performance. Therefore, the government through the policy paper on state corporations reform and privatisation, set out the key objectives for the reform programme as, to enhance the efficiency and performance of the sector; to reduce the financial burden on the Exchequer, and enforce financial discipline; to mobilize managerial and financial

autonomy; and to set up adequate accountability, and appropriate incentives among others.

According to the Private Sector Corporate Governance Trust state corporations have to show their continued relevance in the economy or be phased out. Strategic management has been popularised, and, has indeed, become mandatory in state corporations. There is, however, continued poor performance in the state corporations, and Kenya Industrial Estates Limited is not an exception. The commonly advanced reason for this situation is that the institutions whose responsibility was to champion public accountability had not been very effective in controlling these enterprises. This study will, however, identify challenges in implementation of strategy, and consequential failure of strategy as the main course of poor performance of state corporations, particularly government owed development financial institutions using the case study of Kenya Industrial Estates Limited.

Many studies have been carried out on strategic planning and strategic management in Kenya (Kangoro, 1998; Mbogo, 2003; Otete, 2003; Safari, 2003; Awino, 2001; Koskei 2003; Ogwora, (2003); Karanja, 2004; Muthuiya, 2004; Michael, 2004). Of these, only Awino (2001), Koskei (2003), Muthuiya (2004), Michael (2004) looked at strategy implementation, warranting more research in the area. The studies on strategy implementation focused on the educational sector, the commercial sector and the non-governmental organisations. Still, only Koskei (2003) and Awino (2001) looked at strategy implementation in state corporations, but used case studies of state corporations with commercial and educational orientation. In as much as state corporations are an important vehicle for economic development in Kenya, and have over the years practiced strategic management, there is inadequate research on strategy implementation in state corporations. Stoner and Colleagues (2001) observed that the field of strategy implementation is so new that there is no consensus about its dimensions. Further, Hrebiniak (2005) observed that management literature has focused over the years primarily on parading new ideas on planning and strategy formulation, but it has neglected implementation. Hrebiniak (2005) further argues that it is obvious that

implementation of strategy is not nearly as clear and understood as the formulation of strategy. People are waking up to the challenge, and are beginning to take strategy implementation more seriously.

Kenya Industrial Estates Limited is a state corporation that is neither educational nor commercial. It is a state owned development finance institution. This distinction was recognized in a recent circular dated 23rd November, 2004 on Terms and Conditions of Service of State Corporations from the Head of Public Service to all state corporations. In view of this distinction, Kenya Industrial Estates Limited is unique, and strategy implementation challenges that would apply to educational and commercial state corporations may not necessarily apply to Kenya Industrial Estates Limited. There is, therefore, a knowledge gap. The fundamental question this study sought to address was, “What are the strategy implementation challenges at Kenya Industrial Estates Limited?”

1.3 Research Objective

The objective of this study was to determine strategy implementation challenges at Kenya Industrial Estates Limited.

1.4 Importance of the Study

The study will be of significance to the Government and other stakeholders of Kenya Industrial Estates Limited. Similarly the study will benefit Kenya Industrial Estates Limited which may not only be constrained to lobby the Government for reasonable autonomy but may also consider changing its strategy implementation styles.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Strategy

Strategy is a much used and abused word, and means different things to different people and organisations. Like many other concepts in the field of management, there is no agreed all embracing definition of strategy. Indeed, strategy is an elusive and somewhat abstract concept. This must be expected when dealing with an area that is constantly developing. (Grant, 2000).

There are different definitions by different authors. For instance, strategy is the set of discussions and actions resulting in formulation, and implementation of strategic designs to achieve the objectives of an organisation (Pearce and Robinson, 2002); Strategy is the direction and scope of an organisation over the long term, which achieves advantage for the organisation through its configuration of resources within a changing environment and to fulfil stakeholders' expectations (Johnson & Scholes, 2003); Igor Ansoff defined strategy as the product/market scope, in these words, "Strategic discussions are primarily concerned with external rather than internal problems of the firm and specifically with the selection of the product mix that the firm will produce and the markets to which it will sell (Grant, 2000); and Andrew Chandler defined strategy as the determination of the basic long term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. Chandler (1962) suggested three important steps for running organisations. First that an organisation's structure should flow from its strategy. Secondly that the 'visible hand of management' was more important than Adam Smith's invisible hand of the market in meeting customer needs. Thirdly that large organisations need to decentralize and divisionalise in order to remain competitive. Henry Mintzberg defined strategy as a plan, a ploy, a pattern, a position and a perspective. Strategy as a plan is some form of consciously intended course of action which is created ahead of events. Strategy as a ploy is a manoeuvre to outwit an opponent. Strategy as a pattern is a pattern that emerges in a

stream of actions. Strategy as a position is about positioning the organisation in order to achieve or maintain a sustainable competitive advantage. Strategy as a perspective, considers strategy as a somewhat abstract concept that exists primarily in people's minds (Burnes, 2000).

It emerges that strategy is a multidimensional concept that embraces all the critical activities of the firm, providing it with a form of unity, direction, and purpose as well as facilitating the necessary changes induced by its environment (Hax & Majluf, 1996). It is a unifying (integrative) pattern of decisions - a common thread. Thus, strategy defines organisational purpose in terms of objectives, goals, and priorities; deals with organisational competitive advantage; defines the obligation of the organisation to its stakeholders e.g. social responsibility; defines the business of the organisation (product/market scope). Therefore, in a nutshell, strategy is about the future of organisations, the present posture of organisations, developing superior strategy and competent implementation of strategy.

2.2 Strategic Planning Process

The substance of strategy cannot be separated from the process of strategy making in any actual organisational setting. The strategic planning process is a disciplined and well-defined organisational effort aimed at the complete specification of a firm's strategy and the assignment of responsibility for its execution (Hax & Majluf, 1996). There are 5 tasks that are envisaged in the strategic planning process. These are developing a concept of the business and forming a vision of where the organisation needs to be headed; translating the mission into specific long range and short range performance objectives; crafting a strategy that fits the organisation's situation and that should produce the targeted performance; implementing and executing the chosen strategy efficiently and effectively; and evaluating performance, reviewing the situation and initiating corrective adjustments (Thompson & Strickland, 1992).

2.3 Strategy Implementation

The strategic management process does not end when the firm decides what strategy or strategies to pursue. Once the course of strategy has been charted the managers' priorities move towards converting the strategic plan into action and good results. Putting strategy into action is seen as an extension of the planning process: a strategy is first formulated and then it is implemented (Johnson & Scholes, 2003). One of the conventions that has led both scholars and practitioners of strategic management is the idea that there is a distinction between strategy formulation and strategy implementation. The convention holds that the formulation of strategy is based on identification of the organisation's goals and the rational analysis of its external environment and internal resources and capabilities. (Grant, 2000).

Once a company has chosen a strategy to achieve its goals, that strategy then has to be put into action by selecting appropriate organisational structure and managing its execution through tailoring the management systems of the organisation to the requirements of the strategy (Hill & Jones, 2001). Putting strategy into place and getting individual and organisational subunits to execute their part of the strategic plan successfully is essentially an administrative task (Thompson & Strickland III, 1992).

Successful strategy implementation depends in part on the organisation's structure. Further, the strategic plan has to be institutionalised, or incorporated into a system of values, norms, that will help shape employee behaviour, making it easier to reach strategic goals. Strategy must also be operationalised, or translated into specific policies, procedures, and rules that will guide planning and decision making by managers and employees (Stoner et al, 2001). Thus an organisation would have to build an organisation capability of carrying out the strategic plan; develop strategy supportive budgets, and programmes; instil a strong organisational commitment both to organisational objectives, and the chosen strategy; link the motivation and reward structure directly to achieving the

targeted results; create an organisation, culture and a working environment that is in tune with strategy; install policies and procedures that facilitate strategy implementation; develop an information and reporting system to track progress and monitor performance; and exert the internal leadership needed to drive implementation forward and to keep improving on how the strategy is being executed (Thompson & Strickland, 1993). Factors such as culture, organisational structure, and aspects of operational execution are vital to the success of strategy implementation.

2.4 Challenges of Strategy Implementation

Considering that faulty implementation can make a sound strategic decision ineffective and a skilled implementation can make a debatable choice successful, it is important to examine the process of implementation (Andrew, 1987). Strategy implementation is critical to success. Implementation represents a disciplined process or a logical set of connected activities that enables an organisation to take a strategy and make it work. Without a carefully planned approach to implementation, strategic goals cannot be attained. Developing such a logical approach, however, represents a real challenge to the management. A host of factors, including politics, inertia, resistance to change, routinely can get in the way of strategy implementation. It is apparent that making strategy to work is more difficult than strategy formulation (Hrebiniak, 2005).

There are many organisational characteristics that act as challenges to strategy implementation. Such are structure, culture, leadership, policies, reward, and ownership of the strategy (Burnes, 2000). These challenges are of both institutional and operational nature.

2.4.1 Institutional Challenges

Structural Challenges

Organisational structure imposes certain boundaries of rationality, but is necessary due to the individual's limited cognitive capabilities (March and Simon, 1958). Changes in strategy often call for changes in the way an organisation is structured. This is because, when an organisation changes its strategy, the existing organisational structure may be ineffective (Wendy, 1997).

Miller and Colleagues (1988) points out that there is an intrinsic association between strategy making and structure. The structure of an organisation importantly influences the flow of information and the context and nature of human interaction. It channels collaboration, specifies modes of coordination, allocates power and responsibility, and prescribes levels of formality and complexity. The underlying argument that relates structural conditions to the strategic problem is the way an organisation perceives and processes information particularly strategic stimuli (Galbraith and Merrill, 1991). Chandler (1962) hypothesized that structure is determined by strategy, and correspondingly that the successful implementation of a strategy can be aided by the adoption of an appropriate organisational structure.

An organisational structure is a firm's formal role configuration, procedures governance and control mechanisms, and authority and decision making process. All firms require some form of structure to implement their strategy. Structure dictates how policies and objectives are established. Resource allocation of an organisation is dependent on the kind of structure an organisation has. There is no one optimal organisational design or structure for a given strategy or type of an organisation (David, 1997; Pearce and Robinson, 2002). Principally structures are changed when they no longer provide the co-

ordination, control, and direction managers and organisations require to implement strategies successfully (Hitt et al, 1997). However, organisations can become so captured by their structures and systems. In such organisations 'Strategy follows structure, they pursue strategies constrained by their structures and systems (Hall & Saias, 1980).

According to McCarthy and Colleague (1996), an organisation's structure and behaviour within an organisation should be in harmony with and support the strategy of the organisation. It is a major advantage for managers to understand and utilize the organisational structure to aid them in the implementation of the strategy. In doing so they will be dealing with organisational situations from a point of view that encompasses all organisational realities and ties them together in a logical form.

Leadership Challenges

Leadership has a fundamental influence on the success of a strategy. Barnajee (1999) observes that the influence is in three major areas, that is, does the leader have a vision? That is, are the leaders of the organisation able to perceive quickly the trends? Does the leader have powers? That is, are the leaders of the organisation, through whatever devices they choose to use, able to translate strategic aspirations into operating realities? Does the leadership have the political astuteness necessary to neutralize the negative effects of conflicting internal interests and transform these sectional interests into a vector of coordination policies and activities that support the overall company? Leadership is the process of influencing others towards the achievement of organisational goals (Bartol and Martin, 1991)

The leadership challenge is to galvanize commitment among people within an organisation as well as stakeholders outside the organisation to embrace change and implementation strategies intended to position the organisation to do so. Leaders galvanize commitment to embrace change through three interrelated activities, the

activities being to clarify strategic intent, building an organisation, and shaping organisational culture (Pearce and Robinson, 2002).

A critical ingredient in strategy implementation is the skills and the abilities of the organisation's leader. A leader is an individual who is able to influence the attitudes and opinions of others. Unfortunately most senior managers are merely able to influence employees' actions and decisions. Leadership is not a synonym for management. Leadership is a higher order of capability. The ability to influence the attitudes and opinions of others to achieve a coordinated effort from a diverse group of employees is a difficult task. However, one of the key methods available to management is creating an overall sense of direction and purpose through strategic planning (Byars, 1991).

Cultural Challenges

Culture means the powerful, and complex set of values, traditions, and behavioural patterns that somehow bond together the people who comprise an organisation. The culture of an organisation can have profound effects. As Acsoff (1965) points out, behaviour is not value free i.e. individuals show preferences for certain behaviour and may persist with it even if it leads to sub optimal results. For a strategy to be successfully implemented, it requires an appropriate culture. When firms change strategies, and sometimes structures, they sometimes fail because the underlying values do not support the new approach (O'Reilly 1989). Strategists should, therefore, strive to preserve, emphasize, and build aspects of an existing culture that support proposed new strategies. Kazmi (2000) observes that culture may be a factor that drives strategy rather than the other way round.

Historically, too much emphasis may have been placed on the formal processes of coordination used to implement successful strategies. They may have been successful in slower moving less complex environment but by themselves they may be inadequate in

meeting the challenge of the 21st Century (Johnson & Scholes 2003). If the existing culture is antagonistic to a proposed strategy then it must be identified and changed. Culture plays an important role in delivering a successful strategy. Knowing or envisaging what a strategy is and designing a structure and a process to put this into effect does not in itself mean that people will make it happen. There will be a tendency towards inertia and resistance to change; people will tend to hold onto existing ways of doing things and existing beliefs about what makes sense. Managing strategic change must therefore address the powerful influence of the paradigm and the cultural web on the strategy being followed by the organisation. (Johnson & Scholes, 2003).

It is important to look at the Japanese approach to culture, which is recognized by many as a major contributory factor to their success. First, in most general terms, the major concepts of Japanese corporate culture take off from their national ethos. An abiding culture in Japan is '*uchi*' (us) and '*solo*' (they). In their corporate culture '*uchi*' includes the organisation and everything in it (Barnajee 1999). This implies tremendous employee cohesion. Nowhere is the concept of strategy and culture more important than in institutionalising strategy. Artefacts, espoused values, and basic assumptions form the basics of understanding organisational culture.

An organisational culture is the customary or traditional way of thinking and doing things, which are shared to a greater extent by all members of the organisation and which new members must learn and at least partially accept in order to be accepted into the service of the firm (Stoner Et al, 2001). When an organisation's culture is consistent with its strategy, the implementation of strategy is eased considerably. Kotter and Heskett's concept of "adaptable culture" is an attempt to build organisational culture on a foundation of paying attention to key stakeholders such as employees, customers, and stockholders, thus ensuring that the culture can change when the organisation's strategy must change. It is thus impossible to successfully implement a strategy that contradicts the organisation's culture (Stoner Et al, 2001). Changing a firm's culture to fit strategy is usually more effective than changing a strategy to fit existing culture (David, 1997).

Reward or Motivational Challenges

The reward system is an important element of strategy implementation. Johnson and Scholes, (2002) observe that incentives such as salary, raises, stock options, fringe benefits, promotions, praise, criticism, fear, increased job autonomy and awards can encourage managers and employees to push hard for successful implementation of strategy. According to Galbraith and Merrill (1991) it is well understood that the basic underlying objective of incentive program is to directly influence the action and the behaviour of those covered under the programme. A properly designed program must correspond in terms of motivating relevant decisions to the desired strategic outcome. In order to be certain that strategy implementation is integrated into day-to-day operations, it is crucial that the reward system be congruent with the strategies being implemented. That is, implementation success or failure should trigger direct positive or negative consequences in both individual compensation and non-monetary rewards (Judson 1991).

If strategy implementation is a top priority, then the reward system must be clearly and tightly linked to strategic performance. Motivating and rewarding good performance by individuals and organisational units are key ingredients in effective strategy implementation (Pearce & Robinson, 1997). Motivating and controlling managerial personnel in the execution of strategy are accomplished through an organisation's reward mechanism such as compensations, raises, bonuses, promotions and demotions. The rewards are not simply monetary. They focus on rewards such as recognition and approval, which can be given more frequently than money (O'Reilly, 1989). In 1987 Procter & Gamble introduced a profit sharing plan that divided profits between the company and the workers. President Cooper Procter, one of the founders of Procter & Gamble said at that time, "The chief problem of big businesses today is to shape its policies so that each worker will feel he is a vital part of the company with a personal responsibility for its success and a chance to share in that success (Cope, 1989)

Policies, Procedures and Support Systems

David (1997) observes that changes in an organisation's strategic direction do not occur automatically. On a day-to-day basis, policies are needed to make a strategy work. A policy is a general guideline for decision making (Stoner & Colleagues, 2001). Policy refers to specific guidelines, methods, procedures, rules, forms, and administrative practices established to encourage work towards stated goals. According to Galbraith & Merrill (1991) and Stoner & Colleagues (2001) policies set boundaries, challenges and limits on the kinds of administrative actions that can be taken to reward and sanction behaviour, they clarify what can and cannot be done in pursuit of an organisation's objectives.

Most organisations have some form of policies rules, and procedures that help in implementing strategy in cases where routine action is required (Stoner & Colleagues, 2001). Policies enable both managers and employees to know what is expected of them thereby increasing the likelihood that strategies will be implemented successfully. Hussey (1988) observes that whatever the scope and form of the policies, they serve as a mechanism for implementing strategies and realizing objectives. They provide the means of carrying out strategic decisions.

2.4.2 Operational Challenges

Tactical and Operational Plans

Most managers in an organisation do not directly develop the organisation's strategic plan (Reid, 1990). Those who are usually interested in the benefits and results of planning are frequently not responsible for implementation of the strategic plan. It is a disparate activity relying on input from some and interpretation by others (Donnelly & Colleagues,

1992). In well managed organisations a relationship exists between strategic planning and the planning done by managers at all levels (Wallace, 1987).

Operational planning is based on forecasts of future demand for the output of the system. But even with the best possible forecasting and the most finely tuned operation system, demand cannot always be met with the existing system capacity in a given time period (Stoner & Colleagues, 1996). Once the strategic plans and goals of the organisation are identified, they become the basis of planning activities undertaken by tactical and operational managers. Goals and plans become more specific and involve shorter periods of time as planning moves from the strategic level to the operational level. If done properly planning results in a clearly defined blue print for management action at all levels in the organisation (Gluck, 1985).

According to Bateman and Zeithaml (1990) tactical planning translates broad strategic objectives and plans into specific goals and plans that are relevant to a definite portion of the organisation, often a functional area like marketing or personnel. Tactical plans focus on the major actions required by the unit to fulfil its part of the strategic plan. On the other hand operational planning identifies the specific procedures and processes required at lower levels of the organisation. Operational managers usually develop plans for very short periods of time, and focus on routine tasks such as production runs, delivery schedules, and personnel requirements.

Resource Allocation

Resource allocation is a critical management activity that enables strategy implementation (David, 1997). Its insufficiency is a common strategy implementation challenge. 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 resource allocation. David (1997) observes that in organisations that do not use a strategic management approach to decision making, resource allocation is

often based on political or personal factors such as overprotection of resources, emphasis on short run financial criteria, organisational policies, vague strategy targets, reluctance to take risks, and lack of sufficient knowledge. Strategic management enables resources to be allocated according to priorities established by annual objectives. Nothing can be so detrimental to strategic management and to organisational success than for resources to be allocated in ways not consistent with priorities indicated in approved annual objectives.

All organisations have at least four types of resources that can be used to achieve desired objectives. These are financial resources and technological resources, physical resources, human resources and technological resources (Thompson 1990).

Communication of Responsibility and Accountability

Communication is key to successful strategy implementation. Poor sharing of information or poor knowledge transfer and unclear responsibility and accountability can also lead to failure of strategy implementation (Hrebiniak, 2005). Attempts to coordination or integration across organisational units can suffer if unclear responsibilities and poor sharing of information needed for strategy implementation prevails. Indeed, complex strategies often demand cooperation and effective coordination and information sharing. Not achieving the requisite knowledge transfer and integration, certainly, cannot help strategy implementation. Through involvement in the process, managers and employees become committed to supporting the organisation. Dialogue and participation are essential ingredients to strategy implementation (David, 1997).

Management and Employee Involvement

A serious mistake made by many organisations in their initial enthusiasm for planning has been to treat strategy formulation as an exclusively top management function and the middle level managers are given a support role (Shrivastava, 1986). This approach can result in formulation of strategy in a vacuum by planning executives who have little understanding or knowledge of the operating realities. As a result they formulate strategies that cannot be implemented (Hill & Jones 2001). According to Judson (1996) when implementation is treated as a “phase 2 problem after the plan has been formulated, the strategy may be good in theory, but quite impractical in reality. There is therefore the need to involve in the formulation process, the managers and the supervisors who must carry it out.

It should be recognized that the most important resource in an organisation is its people (David 1997). So the roles people play, how they interact through formal and informal processes and the inter relationships that they build are crucial to the success of strategy (Burgelman, 1983; Nonaka, 1988). Traditionally this has been seen as the province of organisation design, and views about regulation through design can be traced back to the twentieth century management scientists (Pettigrew & Fenton, 2000). These approaches were commensurate with a view of strategy making as essentially top-down and the rest of the organisation was seen as concerned with implementation (Johnson & Scholes, 2003; Hedberg, 1981; Westley, 1990).

Participation in the strategy formulation ensures that the managers and the supervisors understand the strategy, believe in it and are committed to carrying it out. More and more organisations are decentralizing the strategic management process, recognizing that planning must involve lower level managers and employees (David 1997). The notion of centralized staff planning is being replaced in organisations by decentralized line managers planning. The process is learning, helping, educating, and supporting activity

among top executives. Strategic management dialogue is more important than a nicely bound strategic management document. The worst thing strategists can do is to develop plans themselves and then present them to the operating managers to execute. Through involvement in the process the managers become “owners” of the strategy. Ownership of the strategy by the people who have to execute it is a key to success (David 1997).

Operational Objectives

A strategically driven and aligned measurement system, strategic measures analysis and reporting techniques (SMART) can be viewed as a three-tiered hierarchy of measures, working from the top-down. Any operational system is generally too complex to serve as a practical link between the strategic business objectives of an SBU and the many functions and departments that comprise its operating system (Judson, (1996). Thus even after an operating system has been successfully designed and placed into actual use, considerable managerial discretion remains. This is because decisions must be made on a short-term basis – month to month, day to day, even hour to hour – as to how the system will be operated and controlled (Stoner & Colleagues, 2001). Judson (1996) “unbundles”

the macro economic system into a number of business operating systems (BOS). A BOS encompasses the primary flow of work and supporting functions, people, technology, workflows, policies and procedures required to execute a single strategy.

Ensuring Implementation Success

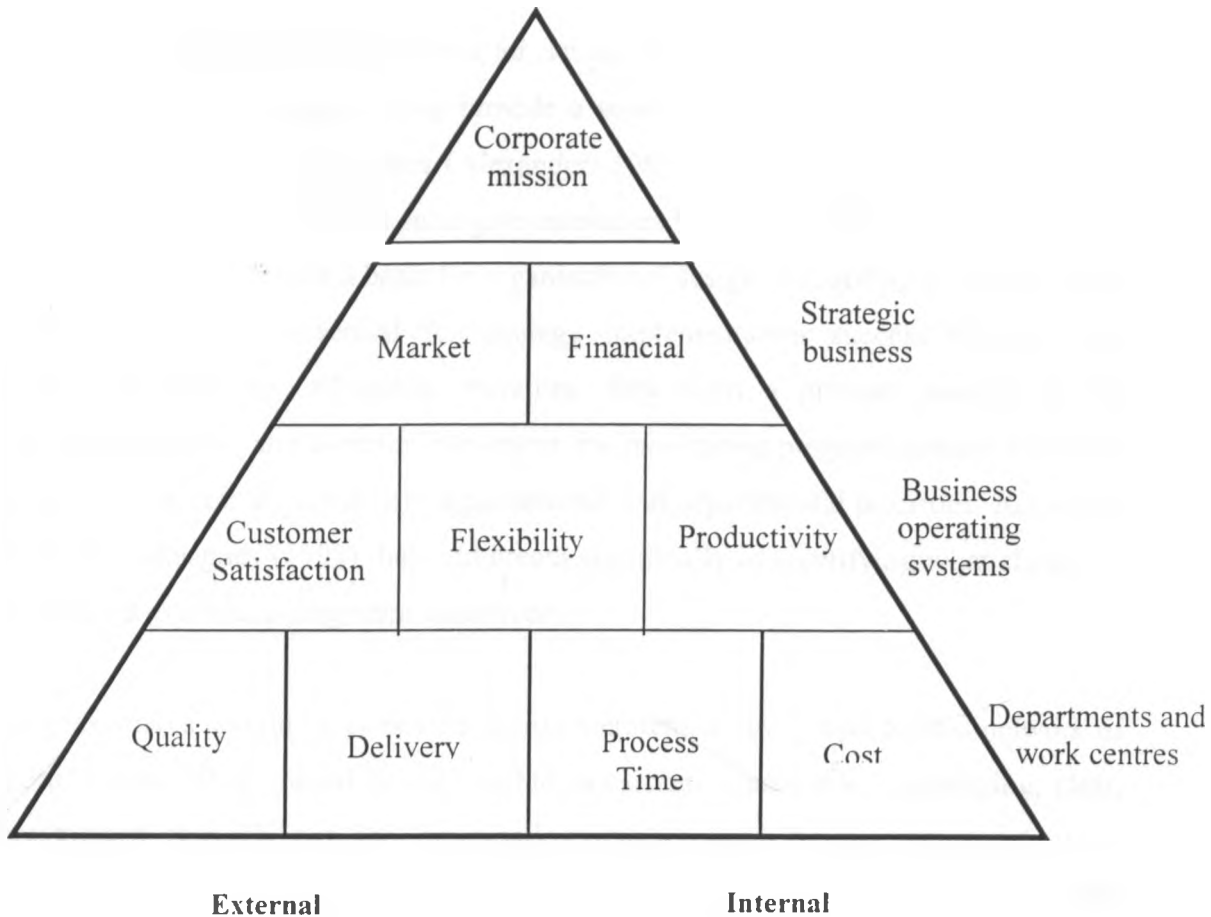


Fig. 1: The SMART Performance Pyramid

Source: Judson, A. S., (1996) *Making Strategy Happen*, 2nd Edition, Blackwell.

Annual Objectives

Annual objectives lie at the very heart of strategy implementation Stoner & Colleagues (2001). They identify precisely what should be accomplished each year to achieve organisational goals. In the process, they also provide managers with specific targets for

the coming year's performance. They clarify managers' roles in the implementation of an organisation's strategy.

Annual objectives serve as guidelines for action, directing and channelling efforts and activities of the organisations. They provide a source of legitimacy in an enterprise by justifying activities to stakeholders (Alexander, 1985). Annual objectives also serve as standards of performance and as such give incentives for the managers and employees to perform. They, thus provide a basis for organisational design. According to David (1997) annual objectives are essential for strategy implementation success because they represent the basis for allocating resources; they form a primary mechanism for evaluating managers, and a major instrument for monitoring progress toward achieving long term objectives; and establish organisational and departmental priorities. According to Stalle & Colleagues (1992) they add breath specifically in identifying what should be accomplished to achieve long-term objectives.

Annual objectives should be consistent across hierarchical levels and form a network of supportive aims. They should be measurable, consistent, reasonable, challenging, clear, communicated through out the organisation characterized by an appropriate time dimension, and accompanied by commensurate rewards and sanctions. Ansoff (1968) argued that objectives are not helpful unless they are measurable and precise. Well designed objectives that clarify a manager's role in the implementation of an organisation's strategy, are clearly linked to the organisation's long-term-goals, and they are measurable. It is important that they quantify performance so there can be little dispute over a unit's results Stoner & Colleagues (2001).

Budgetary Allocation

Budgets are critical in strategy implementation for they support the objectives and operating plans. Hrebiniak & Joyce (1984) observes that there are two relations between budgeting and the planning process. One begins with a budget, at least an implied one,

and then asks what objectives can be achieved given the actual or projected financial resources. In the alternative approach, the budget follows from and is justified by the planning process. Emphasis first is on identified key result areas and positive outcomes to be attained by focusing on a given set of objectives and action plans. Hrebiniak & Joyce (1984) further observe that the main problem with prior determination of budgets is that future activities may be tied in with and dependent upon the past. This can lead to an excessive dependence on previous activities and a myopic approach to planning.

Judson (1996) observes that in a strategy based budgeting process, each function or department determines the minimum budget required for it to continue its existence and considers step by step the specific action programs supporting the business strategy and the operating plan, and forecasts any demand each action step might make on the department for work. For each strategy and associated action program, the department totals the expenses required by line item and offsets these with any anticipated revenues.

2.5 Successful Strategy Implementation

Strategies are of no value unless they are effectively translated into action. Aosa (1992) observes that once strategies have been developed, they need to be implemented. The job of strategy implementation puts plans into action and achieves the intended results. The test of successful strategy implementation is whether actual organisation performance matches and exceeds the targets spelled out in the strategic plan. Shortfalls in performance signal weak strategy, weak implementation or both. In deciding how to implement strategy, managers have to determine what internal conditions are needed to execute the strategic plan successfully (Thompson & Strickland, 1993).

Strategy is implemented in a changing environment. Thus execution must be controlled and evaluated if the strategy is to be successfully implemented and adjusted to changing conditions. Some companies face a situation in which the fundamental changes to implement a new strategy are minor - the basic strategy appears appropriate yet past

performance has been ineffective (Mintzberg & Quinn, 1991). Owen (1982) observes that most of the texts on strategy implementation aphorise the worthlessness of a good strategy for whose implementation no provision has been made: "Better a first class implementation procedure for a second class strategy than vice versa.

Successful strategy implementation involves creating a series of tight fits, these being between strategy and organisation structure; between strategy and the organisations skills and competencies; between strategy and budget allocations; between strategy and internal policies, procedure and support systems; between strategy and the reward structure; and between strategy and the corporate culture. Plans are more likely to be implemented successfully when there is a close alignment and linkage among the business strategy, operating plan and such established systems as budgets and rewards (Judson 1996). The tighter the fits the more powerful strategy execution becomes and the more likely targeted performance can actually be achieved.

Recent studies of companies over long periods show that most successful firms maintain a workable equilibrium for several years (or decades) but are also able to initiate and carry out sharp widespread changes when their environments shift. Such upheaval may bring renewed vigour to the enterprise. Less successful firms, on the other hand get stuck in a particular pattern. The leaders of these firms either do not see the need for reorientation or they are unable to carry through the necessary frame breaking changes. While not all reorientation action succeed, those organisations that do not initiate reorientation as environments shift under-perform (Mintzberg & Quinn, 1991).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research was conducted through a case study. This was because the study required an in-depth understanding of strategy implementation challenges at Kenya Industrial Estate Limited. The design was valuable for an in-depth contextual analysis. Cooper and Schindler (2003) assert that case studies place more emphasis on a full contextual analysis of fewer events or conditions. An emphasis on detail provides valuable insight for problem solving, evaluation and strategy. The details were secured from multiple sources of information. It allowed evidence to be verified and enabled the researcher to avoid missing data.

3.2 Data Collection

In-depth interviews were conducted with the board members, top level managers, the middle level managers and the shop floor employees. An interview guide was used. Questions were issued in advance to help the respondents to recollect facts, or make reference where necessary and the researcher booked an appointment later, at the convenience of the respondents. A number of board members, retired and current, top level managers, middle level managers and shop floor employees who had served Kenya Industrial Estates Limited for periods ranging between 2 to 28 years had been identified and had expressed willingness to participate in this research project. It was considered important to interview retired board members also because they were in office during the implementation of the previous 5-years strategic plan (i.e. the 1996-2001 Strategic Plan) and played a key role in the formulation of the subsisting 5-years strategic plan (i.e. the 2003-2008 Strategic Plan). The sitting board had been in office for 2 years and was overseeing the implementation of the subsisting strategic plan. A total of 17 respondents were interviewed. These were 3 retired directors, 3 sitting directors, the managing director, the general manager, 3 departmental heads, 3 branch managers, and 3 credit officers.

3.3 Data Analysis

Considering the kind of data intended as per the questionnaire, a conceptual and qualitative content analysis was the best-suited method. Nachmias & Nachmias (1996) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to relate trends. Mbogo (2003) and Nyamweya (2005) who employed this kind of approach argued that it was useful in gaining fresh material in even what was thought to be unknown.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.0 Introduction

The study sought to establish the challenges faced by Kenya Industrial Estates Limited in implementing its strategic plan. The method of data collection was personal interviews by the aid of an interview guide, which was given to the respondents in advance to enable them to recollect relevant facts. The chapter presents the analysis and findings of the study. The results are presented to highlight the convergence of ideas from the respondents. Incorporated in the research findings is supplementary data provided by the respondents.

4.2 The Strategic Planning Process

The researcher sought to establish the strategic planning process at Kenya Industrial Estates Limited. The information given by the respondent is as captured below.

Table 1: Strategic Planning Process

Presence of a Strategic Plan		
	Frequency	Percentage
Yes	17	100
Nature of the Strategic Plan		
	Frequency	Percentage
Formal	17	100
Informal	0	0
Presence of Performance Objectives & Targets		
	Frequency	Percentage
Objectives	15	88
Targets	12	71
Whether Kenya Industrial Estates Limited had ever Implemented its Strategic Plan		
	Frequency	Percentage
Yes	17	100
Whether Kenya Industrial Estates Limited Monitored & Evaluated its Strategic Plan		
	Frequency	Percentage
Yes	11	65
No	6	35

Whether Kenya Industrial Estates Limited Reviewed its Strategic Plan		
	Frequency	Percentage
Yes	17	100
Knowledge of Strategic Plan 2003 – 2008		
	Frequency	Percentage
Aware	17	100
Not aware	0	0
Total	17	100
Knowledge of Strategic Plan 1996 – 2001		
	Frequency	Percentage
Aware	9	53
Not aware	8	47
Total	17	100
Presence of Vision and Mission Statements		
	Frequency	Percentage
Present	17	100

Source: research information

According to Table 1, all respondents confirmed that Kenya Industrial Estates Limited has a 5 years formal strategic plan for the period 2003-2008. While 53% of the respondents confirmed knowledge of a previous 5 years formal strategic plan for the period 1996-2001, 47% of the respondent did not have knowledge of the strategic plan. It thus transpired that since the year 1996, Kenya Industrial Estates Limited had had two 5-years formal strategic plans. When questioned on the strategic planning process, all the respondents confirmed that Kenya Industrial Estates Limited has vision and mission statements. The respondents who confirmed knowledge of the 1996-2001 strategic plan and were also aware of the 2003 – 2008 strategic plan indicated that the vision and mission statements of Kenya Industrial Estates Limited, were reviewed during the formulation of the years 2003 – 2008 strategic plan.

All respondents also confirmed that the strategic planning process encompassed determination of both broad and specific objectives, which formed an integral part of the strategic plan. The respondents, who all fully participated in the formulation of either both or one of the strategic plans, further confirmed that there was translation of the organisation's mission into long range and short range performance objectives. The

respondents further confirmed that the objectives were translated into action plans that, inter alia, captured the intended activities, the expected output or rather targets, and the measurement criteria.

The interview results also showed that most of the respondents had knowledge of implementation of the year 2003-2008 strategic plan. They confirmed that the strategic plan was undergoing implementation, and, so far, a lot of improvement had been seen in the management and performance of the organisation. The respondents who had knowledge of implementation of the years 1996-2001 strategic plan were 53%.

All the respondents confirmed that the organisation reviewed its strategy every quarter, while there was continuous monitoring and evaluation. The evaluation reports were studied, discussed and deliberated on by the management and, subsequently the board. The, consequential, decision of the management and the board was what influenced review of the strategy.

4.3 Strategy Implementation

The researcher sought to establish whether Kenya Industrial Estates Limited had ever implemented any of its strategic plans and to what extent. Seventy percent (70%) of the respondents showed interest in discussing both the 1996 – 2001 strategic plan and the 2003 – 2008 strategic plan. The rest of the respondents, being 30% of the respondents indicated having been involved in the formulation and implementation of the 1996 – 2001 strategic plan, and having been involved only in the formulation of the 2003 – 2008 strategic plan. The researcher, therefore, considered it crucial to look at implementation of the two strategic plans separately.

4.3.1 Implementation of the Years' 1996 – 2001 Strategic Plan

The respondents indicated that the organisation was in the mid 1990s constrained to formulate a strategic plan because the organisation was facing a downward trend. Donor support that enabled the organisation to realize its mandate of promoting small and medium scale entrepreneurs had tremendously reduced. The organisation's focus was, therefore, sustainability and prosperity. The respondents indicated that in the implementation of the strategic plan, the following measures were taken by the organisation. The organisation's branches were reduced from 32 to 21, employees were reduced from 600 to 200; non-core activities were outsourced; the formal sector (i.e. small and medium scale industries programme and the informal sector (i.e. micro industries programme) that were being operated separately by the organisation were merged, hence the organisation was now operating both the micro and the small and medium industry programmes under one roof. Excess space was, consequently, leased out and the organisation made extra income from this. The focus appeared to be cost cutting. Alignment of structure, leadership, culture, budget, rewards and motivations, resources and policies, procedures and support systems with the strategy was either overlooked or was beyond the capability of the organisation. The respondents confirmed that the implementation of the strategy was successful to a limited extent in that the organisation was able to sustain its remaining employees and meet its mandate albeit to a limited extent. However, still, the organisation continued experiencing difficulties, as it was not prospering. Its balance sheet deteriorated. By reason of this, the organisation could not attract external funding. It was constrained to continuously revolve the loan funds available that were all out with entrepreneurs. Still these loans were being recovered at a rate that could not adequately sustain the organisation.

4.3.2 Implementation of the Years' 2003 – 2008 Strategic Plan

It transpired that majority of the respondents were present both during the implementation of the years 1996 – 2001 strategic plan, and the years 2003 – 2008 strategic plan. Therefore, information on the implementation of the 2003 – 2008 strategic plan was obtained from 70% of the respondents.

The respondents confirmed that despite the implementation of the 1996 - 2001 strategic plan, the organisation continued operating on a downward trend. Still, it had not injected additional external funding to its operations. Therefore, still, the focus of implementation of the 2003 – 2008 strategic plan was sustainability and prosperity. This time round the organisation realigned its leadership, structure, and culture with the new strategy. The respondents further confirmed that although the strategic plan was still under implementation a lot of improvement had been seen in the coordination of activities (facilitated by a flat structure), staff attitudes and expectations (facilitated by the change in the organisational culture) and the organisation's general performance. The organisation, however, continued experiencing constraints to its strategy implementation process occasioned mainly by inadequate resources, unsupportive budgetary allocations, and unsupportive policies, procedures and support systems. Prosperity, therefore, was as at the time of this research yet to be realized.

4.4 Challenges of Strategy Implementation of the Two Strategic Plans

The researcher also sought to establish strategy implementation challenges experienced by Kenya Industrial Estates Limited. Information was sought on both institutional challenges and operational challenges. Consequently, information was obtained on identified institutional challenges, which were structural challenges, leadership challenges, cultural challenges, reward and motivational challenges and policies, procedures and support systems. Similarly, information was obtained on identified operational challenges, which were tactical and operational challenges, resource

allocation, management and employee involvement, operational objectives, annual objectives, budgetary allocation and communication of responsibility and accountability.

4.4.1 Structural Challenges

Table 2: Structural challenge

Whether Structure was Considered an Important Factor to Strategy Implementation		
1996 – 2001 Strategic Plan	Frequency	Percentage
No	13	76
Yes	4	24
2003 – 2008 Strategic Plan	Frequency	Percentage
No	16	92
Yes	1	8
Problems Posed by the Unsupportive Organisational Structure		
	Frequency	Percentage
Inhibit effective coordination of operational activities	15	88
Inhibit responsibility & Accountability	16	94

Source: research information

In Table 2, most of the respondents (76%) indicated that structural changes were not considered critical during the implementation of the 1996 – 2001 strategic plan. The organisational structure was tall and continued being tall. The respondents confirmed that this was a serious omission, as the tall structure inhibited effective coordination of operational activities, and, similarly, inhibited responsibility and accountability. The tall structure also enhanced bureaucracy hence slowed processes.

The respondents (92%) indicated that the significance of structural changes was realized during the implementation of the 2003-2008 strategic plan. Priority was thus given to alignment of the organisational structure to the strategy as it was realized that unless the structure was supportive of the strategy intended, implementation activities would not be effective. The structure was, consequently, changed from a tall bureaucratic structure to a flat process oriented functional structure. It transpired that the organisation considered structure to be a major challenge to the implementation of strategic plan hence the critical need to align it to the strategy.

4.4.2 Leadership Challenges

Table 3: Leadership Challenges.

Whether Leadership was Considered an Important Factor to Strategy Implementation		
1996 - 2001	Frequency	Percentage
Yes	2	12
No	15	88
2003 - 2007	Frequency	Percentage
Yes	14	82
No	3	18

Source: research information

According to the State Corporations Act, the chairmen of state corporations are appointed by the president while the managing directors of state corporations are appointed by the Minister in charge of the state corporations. The chairmen of state corporations are often non-executive. Therefore, focus was on the managing director who engaged on the day to day running of the organisation and worked closely with the staff.

The respondents (88%) confirmed that in the past, and, particularly, during the implementation of the 1996-2001 strategic plan, leadership was not considered critical to strategy implementation. Therefore, leadership remained the same. The respondents (82%), further, confirmed that leadership changed with the implementation of the 2003 – 2008 strategic plan. This showed that the organisation considered leadership important to strategy implementation. This position is reflected in Table 3.

4.4.3 Cultural Challenges

Table 4: Cultural Challenges

Whether Cultural Changes were Considered Important to Strategy Implementation		
	Frequency	Percentage
Yes	5	29
No	12	71
2003 - 2007	Frequency	Percentage
Yes	9	53
No	8	47

Source: research information

According to Table 4, seventy one percent (71%) of the respondents showed that alignment of culture to the strategy was not considered important during the implementation of the 1996-2001 strategic plan. On the other hand, 53% of the respondents indicated that the need to align culture to the strategy took centre stage in the implementation of the 2003 – 2008 strategic plan.

The respondents indicated that the culture that prevailed in the organisation was not supportive of the strategy. Both the management and the staff were lethargic, and were not result oriented. Generally, complacency prevailed in the organisation. The implementation of the 2003 – 2008 strategic plan saw drastic changes to the culture. The respondents confirmed that attitudes changed and the staff recognized their responsibility, accountability and their role as process drivers. The staff became result oriented. The vicious circle of poor performance transformed to a circle of improved performance illustrated in Figure2.

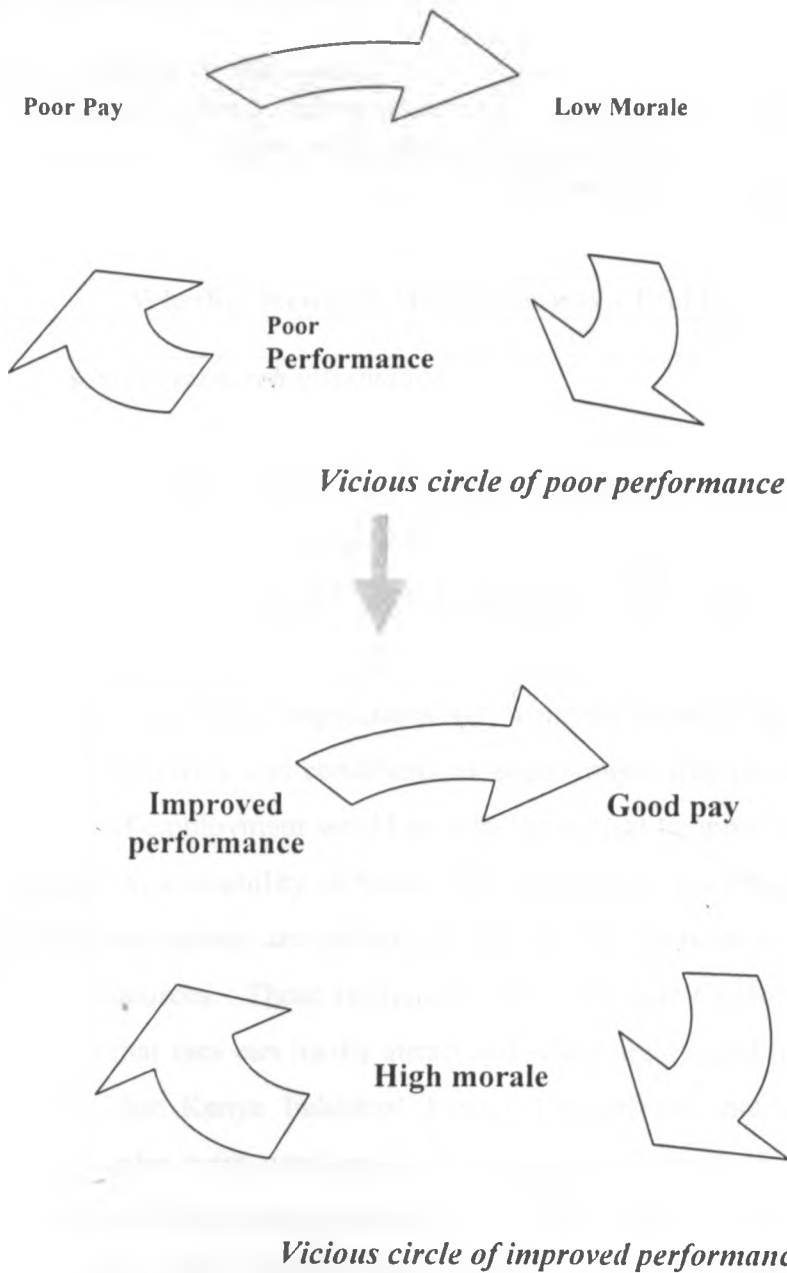


Figure 2: Vicious Circle of Performance

The organisation recognized that alignment of culture to the strategy was critical to successful strategy implementation, and, ultimately, improved performance.

4.4.4 Reward or Motivation Challenges

Table 5: Reward or Motivational Challenges

Whether Reward / Motivation was Considered an Important Factor to Strategy Implementation		
	Frequency	Percentage
Yes	15	88
No	2	12
Whether Reward/ Motivation was a Problem		
Yes	17	100

Source: research information

As shown in Table 5, the respondents (88%) confirmed that the organisation realized that proper remuneration was critical to successful strategy implementation, and this had still remained a major problem to the organisation. The organisation's desire to improve remuneration was inhibited by both regulations and unavailability of resources. According to the State Corporations Act, while the board of the State Corporations would determine the terms and conditions of employment, implementation of such terms and conditions of employment would be effected subject to approval by the Government, and still subject to availability of funds. This means that reward and motivational structures of State Corporations are influenced both by the restrictions in the State Corporations Act, and resources. These restrictions have put State Corporations in a very awkward position in that they can hardly attract and retain highly qualified staff. The respondents confirmed that Kenya Industrial Estates Limited was not an exception. Even the employees who were working for the organisation most of whom had been with the organisation for an average period of 20 years were not motivated. The respondents observed that this situation had posed a major obstacle to successful strategy implementation. The organisation had as a result of this, always struggled to break even.

4.4.5 Policies

Table 6: Policies, Procedures and Support Systems Challenges

Whether Policies, Procedures and Support Systems were Considered Important to Strategy Implementation		
	Frequency	Percentage
Yes	16	94
No	1	6
Whether the Existing Policies, Procedures and Support Systems Supported Strategy Implementation		
	Frequency	Percentage
Yes	4	24
No	13	76

Source: research information

According to Table 6, most of the respondents (94%) confirmed that policies, procedures and support systems were considered to be key to strategy implementation, and 76% of the respondents confirmed that existing policies, procedures and support Systems were not supportive of strategy implementation. It was indicated that policies, procedures and support systems of Kenya Industrial Estates Limited had to be consistent to broader policies formulated by the Government, whether these broader policies were favourable to the organization or not . These policies, procedures and support systems affected tools that were key to successful strategy implementation. The major aspects of the policies that posed a challenge to strategy implementation were leadership policies, reward or motivational policies, resource allocation policies and budgetary allocation policies.

Leadership Policies

Kenya Industrial Estates Limited was governed by broader government policies in the appointment of, particularly, the chairman and the chief executive of the organisation. Similarly, the terms and conditions of employment of these leaders was regulated by broader government policies responsible for categorization of the state corporations.

Reward or Motivational Policies

The respondents also indicated that reward or motivational policies of Kenya Industrial Estates Limited were moulded, or rather formulated around the broader policies of the government. These policies generally imposed restrictions that inhibited the organisation from attracting and retaining competitive staff.

Resource Allocation Policies

In the past, the government played a key role in subsidizing the operations of state corporations. With the decline in funding both by the government and the donor agencies, and the decline in resource allocation, state corporations faced a lot of difficulties in meeting their recurrent expenditure, and mandates. The respondents confirmed that Kenya Industrial Estates was not an exception and had, since the mid 1990s not received sufficient new finances. The broader government policies in force inhibited the organisation from accessing new finances. For instance, while foreign financiers call for government guarantee before financing state corporations, the government no longer guarantees repayment of loans advanced to state corporations. Similarly, the organisation could only borrow with approval of the government, which approval was never forthcoming.

Budgetary Allocation Policies

The respondents further confirmed that Kenya Industrial Estates Limited like any other state corporation did not budget independently. Its budgetary estimates had to be moulded against the government's budgetary estimates. Kenya Industrial Estates Limited, for instance, could not implement its budget until the Government approved it. The Government reserved the ultimate right of reviewing the budget, which review was more often than not downward.

4.4.6 Tactical and Operational Plans

Table 7: Tactical and Operational Plans

Presence of Tactical and Operational Plans		
	Frequency	Percentage
Yes	16	94
No	1	6

Whether the Tactical & Operational Plans Supported Strategy Implementation		
	Frequency	Percentage
Yes	16	94
No	1	6

Source: research information

As shown in Table 7, ninety four percent (94%) of the respondents confirmed that Kenya Industrial Estates Limited had operational plans, and that these plans enabled the organisation's functional areas to fulfil their requirements under the strategic plan. The organisation had seven (7) departments, namely, the Debt Recovery Department, the Special Projects Department, the Human Resource and Administration Department, the Finance Department, the Corporate Planning Department, the Lending Department and the Internal Audit Department. Some of the twenty one (21) branches of Kenya Industrial Estates Limited were Nairobi, Machakos, Mombasa, Embu, Nyeri, Nakuru, Eldoret, Kisumu, Kakamega and Garissa. The departments and the regions developed operational plans. The respondents confirmed that the operational plans involved planning of activities undertaken by the operational managers and involved shorter periods.

4.4.7 Resource Allocation

Table 8: Resource Allocation

Whether Resource Allocation was Considered Important to Strategy Implementation		
	Frequency	Percentage
Yes	17	100
Whether Resource Allocation was a Problem		
	Frequency	Percentage
Yes	14	82
No	3	18
Aspects of Resource Allocation that were Problematic		
	Frequency	Percentage
Financial resources	17	100
Technological resources	15	88
Physical resources	2	12
Human resources	9	53

Source: research information

While the respondents recognized that resource allocation was a major, or rather a critical tool to the successful implementation of the strategic plan, they indicated that scarcity of resources posed a major challenge to strategy implementation at Kenya Industrial Estates Limited. The aspects of resource allocation that were considered to be problematic were financial resources (by all the respondents), technological resources (88%) and human resources (53%). Physical resources were, however, considered to be less problematic. This position is reflected in Table 8.

Financial Resources

The respondents observed that Kenya Industrial Estates Limited had for many years experienced insufficiency of financial resources and this had posed a major challenge to the implementation of its strategic plans. As a result of scarcity of financial resources, and particularly considering that Kenya Industrial Estates Limited was a state owned development finance institution mandated to, inter alia, provide credit to small and medium scale enterprises, the organisation was never fully able to implement its strategic plans. The visible problems were the organisation's inability to satisfy its targeted

customers' loan demands, the organisation's inability to provide industrial sheds and the organisation's inability to satisfy demand for business development services. Desired expansions had also been obstructed by lack of financial resources. This was, notwithstanding that the 1996 – 2001 and the 2003 – 2008 strategic plans both had objectives relating to customer satisfaction and expansion of the companies operations.

Technological Resources

The respondents observed that as far as technology was concerned, the organisation was struggling, and could barely meet its desired position of ensuring a computer for every key officer, owning a website and having internet and intranet connectivity. The respondents recognized that technological resources were crucial for strategy implementation, as sufficient technology ensured efficiency and effectiveness and fulfilment of most of the objectives stipulated in the strategic plan. The respondents therefore, observed that insufficiency of technology, particularly, information communication technology was a major challenge to strategy implementation.

Human Resource

From the responses given by the respondents interviewed it transpired that Kenya Industrial Estates Limited considered human resource critical to strategy implementation. The organisation had long serving employees with the majority of the senior employees having served the organisation for over 20 years. These employees who, like the company, had experienced both the good and the bad times had been quite instrumental in the implementation of the organisation's strategic plans. These employees understood the organisation's past mistakes, and had been able to steer the organisation from such mistakes through both strategy formulation and strategy implementation hence the continued existence of the organisation.

Physical Resource

The respondents were also asked to show whether physical resources at Kenya Industrial Estates Limited posed a challenge to strategy implementation. The crucial physical resource identified by all the respondents was availability of space from which the company operates. The respondents confirmed that the physical resources, particularly space from which the organisation operated, had never posed a challenge to strategy implementation. The organisation owned its headquarters and the only expenses it incurs in relation to the same were land rates and maintenance expenses. The organisation owned premises at some of its branches, some of these branches being Machakos, Mombasa, Embu, Nyeri, Nakuru, Eldoret, Kisumu, Kakamega and Malindi. The respondents confirmed that availability of office space had supported its strategy implementation efforts. Nevertheless, transport posed a major problem as the organisation had an aging fleet of motor vehicles. Similarly, the financial constraints suffered by the organisation could not enable it to replace its aged furniture and equipment.

4.4.8 Management and Employee Involvement

Table 9: Management and Employee Involvement

Who Formulated Strategic Plans at Kenya Industrial Estates Ltd		
	Frequency	Percentage
Board of directors	17	100
Departmental heads	17	100
Middle level managers	15	88
Branch managers	17	100
Lower level employees	9	53
Whether the Approach Adopted Posed a Problem		
	Frequency	Percentage
Yes	2	12
No	15	88

Source: research information

From the interview responses, given in Table 9, it transpired that strategy formulation at Kenya Industrial Estates Limited was participatory. It involved the board of directors

including the managing director, the general manager, all the departmental heads and middle level managers including head office managers and branch managers, and selected lower level employees. Although the management, and selected lower level employees engaged in the entire strategy implementation process, the board of directors engaged in the initial stage approvals relating to strategy formulation, review of the entire strategy once formulated, but in draft form, and consequently, approval of the strategy. Even though, during the 1996-2001 and 2003 – 2008 strategy formulation, external consultants guided the process, the consultants' responsibility was limited to that of guiding the process. The management and the employees of the organisation undertook the actual formulation of the strategic plans. The respondents observed that this enhanced understanding of the strategies, and was advantageous to strategy implementation.

4.4.9 Operational Objectives

Table 10: Operational objectives

Presence of Operational Objectives		
	Frequency	Percentage
Yes	17	100
Whether Operational Objectives were Considered Important to Strategy Implementation		
Yes	15	88
No	2	12
Whether Operational Objectives Supported Strategy Implementation		
	Frequency	Percentage
Yes	16	94
No	1	6

Source: research information

As shown in Table 10, the respondents confirmed that Kenya Industrial Estates Limited had operational objectives, which served as a link between strategic objectives and departmental operating systems. The respondents indicated that the operational objectives formed the basis of the operational plans that supported strategy implementation through daily activities.

4.4.10 Annual Objectives

Table 11: Annual objectives

Presence of Annual Objectives		
	Frequency	Percentage
Yes	17	100
Whether Annual Objectives were Important to Strategy Implementation		
	Frequency	Percentage
Yes	17	100
Whether Annual Objectives Supported Strategy Implementation		
	Frequency	Percentage
Yes	17	100

Source: research information

According to Table 11, the respondents confirmed that Kenya Industrial Estates Limited had annual objectives. Considering that both its 1996-2001 and 2003 – 2008 strategic plans were 5-years strategic plans, the organisation used annual objectives to identify what should be accomplished each year to achieve organisational goals. The respondents further confirmed that the annual objectives served as standards of performance and therefore, gave incentive to the managers and employees to perform. The respondents observed that annual objectives were crucial for successful strategy implementation.

4.4.11 Budgetary Allocation

Table 12: Budgetary Allocation

Whether Budgetary Allocation was Important to Strategy Implementation		
	Frequency	Percentage
Yes	17	100
Whether Budgetary Allocation was a Problem		
	Frequency	Percentage
Yes	17	100

Source: research information

Table 12 shows that the respondents indicated that just like resource allocation, budgetary allocation posed a major challenge to strategy implementation at Kenya Industrial Estates

Limited. The organisation's budget was controlled by the Government, and by availability of resources. The budgetary constraints served as a major factor that controlled the organisation's strategic objectives. The question during the formulation of the 1996-2001 strategic plan and the 2003 - 2007 strategic plan was "What objectives are achievable given the projected and/or available financial resources? This approach led to a situation in which the organisation discarded objectives that were not achievable, and retained the objectives supported by the projected and/or available financial resources. The budget preceded strategic objectives. The respondents agreed that this led to over-dependence on previous activities and a myopic approach to planning

4.4.12 Communication of Responsibility and Accountability

The respondents confirmed that communication of responsibility and accountability with regard to the strategic plan was critical to the organisation. This was, particularly, so because at the formulation of both the 1996 – 2001 and 2003 – 2008 strategic plans, there was very little involvement of the lower level employees. However, communication of the responsibilities and accountability had not been quite sufficient. The respondents indicated that while the top-level and middle level managers got fully involved in the strategy formulation and formulation of operational plans, the lower level employee who engaged in the actual implementation of the strategy were merely assigned responsibility, derived from the strategic plan, by their immediate supervisors. This has not been supportive of strategy implementation.

CHAPTER FIVE: CONCLUSION

5.0 Introduction

This chapter gives a summary, discussions and conclusions drawn from the study. The chapter also covers the limitations of the study, recommendations for further research, and recommendations for policy and practice.

5.1 Summary, Discussions and Conclusions

5.1.1 Summary

The objective of the study was to determine strategy implementation challenges at Kenya Industrial Estates Limited. The findings of the study indicated that for the two (2) strategic planning periods, 1996-2001 and 2003-2008 the overall performance of Kenya Industrial Estates Limited was average. This was despite formulation and implementation of two (2) successive strategic plans. It transpired that in the period 1996-2001, Kenya Industrial Estates Limited when implementing its strategic plan, was only able to reduce its branches from 32 to 21, reduce its staff from 600 to 200, outsource non-core activities and merge two independently operating programmes. It failed to align some of the most critical strategy supportive aspects of the organisation. For instance, in the implementation of this strategic plan, leadership, structure, culture, budget, and resources were not aligned with the strategy. This posed a major challenge to the success of the strategy. With unsupportive leadership, structure, culture, budget, and resources, while the organisation was able to sustain its remaining staff, and meet its mandate to a limited extent, it did not prosper. It continued to perform dismally.

On the other hand during the implementation the 2003-2008 strategic plan it transpired that cost cutting measures were no longer appropriate hence the organisation aligned its leadership, structure, and culture with its strategy. Notably, still, since the organisation

was unable to align some of the critical organisational aspects that were supportive to strategy implementation such as reward and motivational structures, policies and procedures and support systems, resources and budget, it continued performing dismally. Prosperity was, as at the time of this study not yet realized from the implementation of the 2003-2008 strategic plan. At both instances communication of responsibility and accountability was a problem. The organisation's inability to align reward and motivational structures, policies, procedures and support systems and budget, and to communicate responsibility and accountability posed a challenge to the success of its strategies. Unfortunately, most of these challenges were occasioned by the restrictive regulations and broader policies under which the organisation operated. The organisation, therefore, lacked absolute powers to change the position for the better.

5.1.2 Discussions

Difficulties in strategy implementation are partly occasioned by obstacles or impediments to the implementation process. Kenya Industrial Estates Limited was a victim of these impediments, as it was not able to build an organisational capability supportive of the strategy. Unfortunately many of the state corporations do not have absolute control over the impediments. The state corporations operate under restrictions that inhibit their ability to match their competencies and capabilities with the strategy. Some past studies (Awino, 2001; Koskei 2003; Muthuiya, 2004; Michael, 2004) observed that there has to be a tight fit between the strategy and how the organisation does things. Successful strategy implementation involves creating a series of tight fit between strategy and the organisational skills, and competences; between strategy and the budgets; between strategy and internal policies, procedures and support systems; between strategy and reward systems, and between strategy and the corporate culture. The tighter the fits the more powerful the strategy execution becomes and the more likely targeted performance can actually be achieved.

Kenya Industrial Estates Limited's inability to match its resources, reward systems, policies, procedures and support systems with its strategic plans posed a major challenge to its strategy implementation process and, indeed, led to the failure of its strategies. It is, however, important to note that Kenya Industrial Estates Limited, operated under restrictions like many other state corporations that were expected to emulate the private sector, and operate competitively. This was notwithstanding that they did not operate as freely as private enterprises. The prevailing situation placed the organisation in a very awkward position in that it could not meet the Government's expectation as stated in Policy Paper on Public Enterprise Reform and Privatisation, that state corporations must operate commercially and reflect profits. It appeared that for as long as the trouble ridden state corporations continued operating under the same circumstances, meaning the restrictions, and without additional ample resources, they would continue experiencing poor performance. Koskei (2003) observed that state corporations operate in a complex environment, which is more unpredictable and less stable. Their objectives are more ambiguous and less distinguishable and fluctuate in their order of priority depending on the Government's ever changing political agenda. The management does not have freedom to optimise its own performance by executing developed strategies.

5.1.3 Conclusions

Strategy, implementation, no doubt, appears to be the most difficult part of strategic planning process, and many strategies fail at the implementation stage. It is clear that, for an organisation to successfully implement its strategy it must ensure the existence and alignment of all strategy supportive aspects of the organisation. This means that for an organisation to experience successful strategy implementation and achieve its targeted performance, there must be tight fit between strategy and the organisational skills and competences; between strategy and the budgets; between strategy and internal policies, procedures and support systems, between strategy and reward systems, and between strategy and the corporate culture. The absence of these fits, or rather any of them will certainly lead to the failure of the strategy at the implementation stage.

Alignment of these strategy supportive aspects of an organisation cannot, and, in fact, should not be undertaken piecemeal. For instance an organisation cannot, in the implementation of its first 5-years strategic plan, undertake only cost cutting and in the implementation of its next 5 years strategic plan align only its leadership, culture and structure with its strategy. Kenya Industrial Estates Limited's initial focus on cost cutting, and subsequently alignment of only some of the strategy supportive aspects of the organisation did not guarantee its prosperity. All the strategy supportive aspects of an organisation are critical and must all be aligned with the strategy for an organisation to experience successful strategy, implementation, and, consequential, sustainability and prosperity.

5.2 Limitations of the Study

Scarcity of resources, mainly time and money, limited the sample size taken by the researcher. A larger sample size would have given a more representative position of the organisation. The study involved both current board of directors, management and staff and the former board of directors. Those who were no longer in the organisation might not have been aware of the changes that could have taken place in the organisation after their departure or might have lost interest in the organisation. Similarly, some of the current staff that joined the organisation after the implementation of 1996 – 2001 strategy might not have had adequate knowledge of the strategy.

5.3 Suggestions for Further Research

Although the researcher carried out an in-depth study, it was broad and dealt with various challenges that affect strategy implementation. Further research should be conducted on each challenge independently. Similarly, this was an in-depth study on Kenya Industrial

Estates Limited which is just one of the development finance institutions owned by the Government. There are four (4) such institutions, namely Kenya Industrial Estates Limited, Industrial Development Bank Limited, Industrial and Commercial Development Corporation and Kenya Tourism Development Corporation. A survey on the strategy implementation challenges in these four institutions could be conducted in future research. Further, the study was carried out at a time when the second period of planning 2003 – 2008 was not over. A similar study could be carried out after this period to assess the situation.

5.4 Recommendation for Policy and Practice

Kenya Industrial Estates Limited operates under very restrictive conditions, mainly because it is a state corporation operating under the State Corporations Act, Chapter 446 of the Laws of Kenya. It is clear that, unless the organisation is released from these restrictions and enabled to source for resources, particularly financial and technological resources, design its own reward and motivational structures, and formulate strategy supportive policies, procedures, and support systems, it may never experience sustainability and prosperity through strategic planning. It may continue formulating its 5 years strategic plans and implementing them piecemeal, and, indeed, it will maintain dismal performance with the eventual possibility of collapsing.

Kenya Industrial Estates Limited should lobby for reasonable autonomy from the Government of Kenya as by reason of being a state corporation it is exposed to restrictions that result in varied challenges to strategy implementation. It is worth noting that strategy is normally implemented in a changing environment. Both the Government and state corporations must realize this and change their way of looking at things, or change their policies and practices if they want to live up to the expectations of the Policy Paper on Public Enterprise Reform and Privatisation. The policy paper recognized that a major goal of a state owned enterprise was profitability through efficient operation in a competitive environment. Reasonable autonomy, if given will increase efficiency and

effectiveness, and accountability and responsibility in state corporations. Similarly, reasonable autonomy will ensure inculcation of best practice, and good corporate governance.

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APPENDICES

APPENDIX: 1

Introduction Letter

Ochanda R. A.
Faculty of Commerce
Department of Business
Administration
University of Nairobi
P.O Box 30197
Nairobi
August 2005

Dear Sir/Madam,

RE: Collection of Survey Data

I am a postgraduate student at the University of Nairobi, at the Faculty of Commerce. As part of my course work assessment, I am required to submit a management research project. In this regard, I am undertaking a research on challenges of strategy implementation at Kenya Industrial Estates Limited.

This is to kindly request you to assist me by responding to the attached interview guide. The information you provide will be used exclusively for academic purposes.

My supervisor and I assure you that the information you will give will be treated with strict confidence and at no time will your name appear in my report. A copy of the final paper will be availed to you upon request. Your co-operation will be highly appreciated.

Thank you in advance.

Yours faithfully,

Ochanda R.A
MBA Student

DR. MARTIN OGUTU
Supervisor & Lecturer

APPENDIX: II

INTERVIEW GUIDE

SECTION A. DEMOGRAPHICS

1. Position/Title of Interviewee.....
2. Department/Branch.....
3. Length of service in the Department/Branch.....
4. Size of the Department or the Branch.....
5. Age of the Department or the Branch.....
6. Portfolio Investment at the Branch.....

SECTION B: STRATEGIC PLANNING PROCESS

1. Does Kenyan Industrial Estates Limited have a strategic plan?
2. Is the strategic plan formal or informal (written or unwritten)?
3. Does Kenya Industrial Estates Limited have both vision and mission statements?
4. Does Kenya Industrial Estates Limited have performance objectives and performance targets?
5. Has Kenya Industrial Estates Limited ever implemented its strategic plan(s)?
6. Does it monitor and evaluate its strategic plan? If so how often?
7. Does it review its strategic plan?
8. What influences review of the strategic plan and how often does it review its strategic plan?

SECTION C. STRATEGY IMPLEMENTATION

1. State whether Kenya Industrial Estates Limited has ever implemented its strategic plan(s)?
2. State briefly whether strategy implementation at Kenya Industrial Estates Limited has been successful. Why do you say so?

3. Did any changes take place in the organisation during strategy implementation?
4. What kind of changes were these? State whether they were structural, cultural, leadership or otherwise.

SECTION D. CHALLENGES OF STRATEGY IMPLEMENTATION: INSTITUTIONAL AND OPERATIONAL CHALLENGES

1. Structural Challenges

- 1.1 State whether Kenya Industrial Estates Limited considers structure an important factor to strategy implementation. Why do you say so?
- 1.2 Is the organisational structure a problem at Kenya Industrial Estates Limited? Why?
- 1.3 What aspects of the organisational structure are problematic, if any?

2. Leadership Challenges

- 2.1 State whether Kenya Industrial Estates Limited considers leadership an important factor to strategy implementation. Why do you say so?
- 2.2 Is leadership a problem at Kenya Industrial Estates Limited? Why?
- 2.3 What aspects of leadership are problematic, if any?

3. Cultural Challenges

- 3.1 State whether Kenya Industrial Estates Limited considers culture an important factor to strategy implementation. Why do you say so?
- 3.2 Is the culture a problem at Kenya Industrial Estates Limited? Why?
- 3.3 What aspects of the culture are problematic, if any?

4. Reward or Motivational Challenges

- 4.1 State whether Kenya Industrial Estates Limited considers reward or motivation important to strategy implementation. Why do you say so?
- 4.2 Is reward or motivation a problem at Kenya Industrial Estates Limited? Why?
- 4.3 What aspects of the reward or motivation are problematic, if any?

5. Policies, Procedures and Support Systems

- 5.1 State whether Kenya Industrial Estates Limited considers policies important to strategy implementation. Why do you say so?
- 5.2 Do the existing policies support strategy implementation?
- 5.3 If the answer is no, state why you consider the policies a problem?
- 5.4 What aspects of the policies are problematic?

6. Tactical and Operational Plans

- 6.1 Does Kenya Industrial Estates Limited have tactical and operational plans?
- 6.2 State whether Kenya Industrial Estates Limited considers tactical and operational plans important to strategy implementation. Why do you say so?
- 6.3 Do the tactical and operational plans support strategy implementation?
- 6.4 If the answer is no, state why the tactical and operational plans are a problem?
- 6.5 What aspects of the tactical and operational plans are problematic?

7. Resource Allocation

- 7.1 State whether Kenya Industrial Estates Limited considers resource allocation an important factor to strategy implementation. Why do you say so?
- 7.2 Is the resource allocation a problem at Kenya Industrial Estates Limited? Why?
- 7.3 What aspects of the resource allocation are problematic, if any?

8. Management and Employee Involvement

- 8.1 Who formulates strategy at Kenya Industrial Estates Limited? Is it the board or the managing director or the senior management or the middle management or is it participatory?
- 8.2 Does the approach adopted by the Kenya Industrial Estates Limited pose a problem to strategy implementation?
- 8.3 If the answer is yes, state why the approach is problematic to strategy implementation.

9. Operational Objectives

- 9.1 Does Kenya Industrial Estates Limited have operational objectives?
- 9.2 State whether Kenya Industrial Estates Limited considers operational objectives important to strategy implementation. Why do you say so?
- 9.3 Do the operational objectives support strategy implementation?
- 9.4 If the answer is no, state why the operational objectives are a problem?
- 9.5 What aspects of the operational objectives are problematic?

10. Annual Objectives

- 10.1 Does Kenya Industrial Estates Limited have annual objectives?
- 10.2 State whether Kenya Industrial Estates Limited considers annual objectives important to strategy implementation. Why do you say so?
- 10.3 Do the annual objectives support strategy implementation?
- 10.4 If the answer is no, state why the annual objectives are a problem?
- 10.5 What aspects of the annual objectives are problematic?

11. Budgetary Allocation

- 11.1 State whether Kenya Industrial Estates Limited considers budgetary allocation an important factor to strategy implementation. Why do you say so?
- 11.2 Is the budgetary allocation a problem at Kenya Industrial Estates Limited?
- 11.3 What aspects of the budgetary allocation are problematic, if any?

12. Communication of Responsibility and Accountability

- 12.1 State whether Kenya Industrial Estates Limited considers communication of responsibility and accountability an important factor to strategy implementation. Why do you say so?
- 12.2 Is the communication of responsibility and accountability a problem at Kenya Industrial Estates Limited?
- 12.3 What aspects of the communication of responsibility and accountability are problematic, if any?