

**STRATEGY IMPLEMENTATION CHALLENGES AT
TECHNOSERVE KENYA**

By

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the Requirements for the Award of Master of Business Administration
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DECLARATION

This research project is my original work and has not been submitted for examination to any other University or College for the award of degree, diploma or certificate.

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DEDICATION

This project is dedicated to my brother Richard Kang'eri who laid the foundation to my MBA course, to my lovely wife for her moral support and to my other brothers and sisters for their inspiration, prayers, encouragement, understanding and support. God bless you always.

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“May God bless them all!”

ABBREVIATIONS

BASIK.....Business Advisory services in Kenya

ERS.....Economic Recovery Strategy

NGOs..... Non Governmental Organizations

TECHNOSERVE (K).....Technoserve Kenya

U.S.A.....United States of America

Y.W.E.....Young Women in Enterprises

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ABSTRACT

The environment in which organizations, whether private or public operate is dynamic and highly unpredictable. Due to the constant changes, organizations are required to continuously adapt so as to strategically meet the evolving challenges and exploit emerging opportunities to ensure survival and success. Without successful implementation of formulated strategies, the company will not obtain the intended results. Technoserve (K) launched its current strategic plan in 2008 with an intention of completing the implementation by the year 2011. This is a management research study with special focus on strategic implementation challenges and measures taken in dealing with challenges encountered during strategy implementation at Technoserve (K). To achieve the stated objectives a case study research method was used where primary data was collected from middle level managers of the organization.

The respondents indicated that the major challenges encountered by Technoserve (K) include; non adaptive culture, organizational structure that is incompatible with the new strategies, poor communication, resource mis-allocation, unsound reward system, government policies and procedures that limit decision making as well as information technology challenges.

The study also sought to establish the measures taken to cope with the challenges. Finally the research study recommended further study in other areas of strategic management process.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The current turbulence in the business environment locally and globally makes this study very timely in deed. Many organizations have been reported out of business and many others are struggling to survive. Strategy management and mostly the implementation part of it, has become a major determinant of firm's survival. All organizations whether profit or non profit making are environmental serving and they are expected to respond to the changes in the environment. This is important for organizations to achieve their objectives such as maximizing the wealth of the owners, profit and survival. Many organizations design excellent strategies but fail at implementation (Wambugu, 2006).

Johnson and Scholes (2002) observes that understanding the strategic position of organization and considering the strategic choices open to it, is of little value unless the strategies that managers wish to follow can be turned to organization's action. Strategies are a critical element in organizational functioning, but whereas many organizations have good strategies, successful strategy implementation remains a challenge. To ensure success the strategy must be translated into carefully implemented actions (Pearce and Robinson, 1997).

1.1.1 Strategy Implementation

Strategy implementation is one of the components of strategic management and refers to asset of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objective (Pearson and Robinsin,2003)Its

purpose is to complete the transition from the strategic planning to strategic management by incorporating adopted strategies throughout the relevant system (Bryson,1995) once strategies have been developed, they need to be implemented; they are of no value unless they are effectively translated into action(Aosa,1992). Strategy implementation includes consideration of who will be responsible for strategy implementation; the most suitable organizational structure that should support the implementation strategy, the need to support the system used to manage the organization (Johnson and Scholes).

1.1.2 Strategy Implementation Challenges

David (1987) stated that 10% of the formulated strategies are successfully implemented while 90% of well formulated strategies fail at the implementation stage. Ansoff and McDonnell (1990) noted that while implementing strategy is such an important activity, it is not easy. Most excellent strategies fail when attempts to implement them are made.

According to Pearce and Robinson (2004), the reasons that have been advanced for the success or failure of strategy implementation evolve around the nature of the strategy itself, the policies and support system, alignment of the strategy to the short term objective and sub strategies, the allocation of resources, the fit between structure strategy, leadership, communication process and the organization culture. Other challenges will come in the form of finding the fits between strategy and internal organization structure, strategy and allocation of budgets and staff size, strategy and organization systems of reward and incentives, strategy and implementation policies, practices and procedures,

strategy internal organization atmosphere, that is, values and beliefs shared by managers and employees, the philosophies and decision making style of senior managers. (Thompson and Strickland, 2007).

1.1.3 Non-Profit Organizations

These are organizations that depend on grants and donations to finance their programs. Technoserve is a private non-profit development aid organization incorporated in 1969 under New York state law. Technoserve works with low income people and development organizations in Africa and Latin America to help establish and strengthen self-help enterprises.

1.1.4 Technoserve Kenya

Technoserve was founded by Ed Bullard in 1968. While volunteering in a hospital in rural Ghana; the Connecticut businessman learned first hand how difficult it was for the country's hardworking people to lift themselves out of poverty. He envisioned an organization that would give the world's rural poor excellent platform productivity-enhancing tools. Determined to promote "Technology in the services of mankind,".

The Technoserve Corporation is currently comprised of approximately 75 members from the international business, religious and development communities. Technoserve's affairs are guided by a Board of Directors which meets twice a year. When the Board is not in session, an executive committee acts in its place. Technoserve's headquarters are in Norwalk, Connecticut, U.S.A and it maintains field offices in selected African and Latin American countries.

Technoserve programs are supported by contributions from churches, foundations, corporations and individuals. Additional support comes from host country institutions, the U.S.A agency for International Development and other development institutions. The enterprises and institutions which Technoserve assists are expected to pay mutually agreed upon fees to cover at least a part of expenses which Technoserve incurs in providing assistance to them.

Technoserve's presence in Kenya was established in 1973, when its staff of two professionals provided assistance from Kisumu. The office now located in Nairobi, has over 50 full time staff and about 30 independent consultants distributed in the various parts of the country where Technoserve has projects. The Kenyan project advisors together with the expatriate staff members provide on site technical and managerial assistance to client groups.

Technoserve in Kenya attempts to improve economic opportunities for Kenya's low income people on two levels; through the provision of direct assistance to small and medium scale activities and through institutions of wider impact organized to serve the needs of people and enterprises in Kenya. An important feature of Technoserve's assistance is the training of project employees, the transfer of business, technical and management skills and the development among project committee members of a commercial approach toward decision making and policy development.

Technoserve assistance falls into three broad categories: savings and credit, Agricultural and livestock production and Business Advisory Services in Kenya (BASIK).

On savings and credit Technoserve in Kenya has been active in providing assistance to Kenyan Savings and Credit Cooperatives since in 1977 when it managed Harambee Cooperative Savings and credit society believed to be the largest society in Kenya with 38,000 members.

Technoserve on Business Advisory Services in Kenya (BASIK) has made much contribution. This service was established in 1981 to provide private voluntary organizations and community groups with short term managerial and technical assistance. BASIK consult organizational planning, inventory control, work flow analysis and market research. Clients have included: The ministry of Live stock, Development Canadian Hunger Foundation, The Missionaries of Charity and many other voluntary organizations in Kenya. Currently Technoserve is running a special Entrepreneurship program targeting girls from slum areas aged between 15-22 years. The program is called Young Women in Enterprises (Y.W.E). Girls are recruited from the village and are brought together to form clubs. For six months the girls are equipped with basic business skills and other financial skills. They are then given some small grants and are guided in starting and running small businesses for another six months before they are linked to financial institutions where they can obtain loans to help them start own businesses.

1.2 The Research Problem

The environment in which organizations operate whether public or private is dynamic and highly unpredictable. In order to achieve the expectations of stakeholders as well as economy, efficiency and the effectiveness of the organization, strategic management

process requires persistent effort till full implementation (Mutugi 2008). According to Kiruthi (2001), all organizations must grapple with the challenges of the changing environment in which they operate. While various organizations develop and/or formulate their strategies in various ways and process, each organization ends up with what is called a strategy.

Mintzberg and Quinn (1994) stated that 90% of well formulated strategies fail at implementation stage while David (1997) stated that only 10% of well formulated strategies are successfully implemented. Strategy implementation happens to be a more challenging and delicate task than that of strategy formulation. Unlike strategy formulation, here strategist cannot afford to be abstract or desk-work oriented. Delicate and sensitive issues are involved in strategy implementation such as: resource mobilization, restructuring, culture changes, and policy and leadership changes. If implementation is not effectively managed the strategic plan may amount to being a mere “white elephant” and nothing more.

For organization’s success, developing a good strategy is not enough. Execution is equally important since it can make or break the well developed strategy. The reason that have been advanced for the success or failure of strategies revolve around the fit between the structure and the strategy, the allocation of resources, the organization culture, leadership, rewards as well as the nature of the strategy (Koskei,2003). Technoserve a non profit organization play a vital role in sustainable development. In the many programs that Technoserve operate in, it is very crucial to identify the various challenges

that the organization goes through in implementation to enhance smooth implementation procedure in future programs.

Whereas a number of studies have been done on challenges of strategy implementation; Kiptarus (2003), Machuki (2005), Wambugu (2006), Meshack (2007), Runga (2008), Kibui (2009), the studies have been carried out in contexts other than Technoserve (K) context. All the researches carried out already have establishing various factors that have at on point affected strategy implementation. The factors are either internal or external. Internal factors include organization's culture, organization's structure, and issue of communication. External factors on the other hand include technology changes, Government policies and change in client's behavior. Circumstances facing Technoserve (K) in effort to implement its strategies are expected to pose enormous challenges. For instance Technoserve (K) is faced with a challenge of introducing a new program which targets young girls both at school and out of school aged between 15-22 years of age from low social economic families. Technoserve (K) is expected by the clients to implement its strategic plans promptly. Donors' expectations are equally high and they too have policies that need to be implemented along with organization policies. Technoserve (K) encounters a big challenge which includes resistance from clients and community, getting the right staff and technological issue. This study seeks to answer the following questions;

- i) What challenges are experienced by Technoserve (K) in strategy implementation?
- ii) What measures has Technoserve (K) taken to cope with these challenges?

1.3 Research objectives

The following are the objectives of this study:

- i. To determine the challenges of strategy implementation by Technoserve (K).
- ii. To establish measures taken by Technoserve (K) to cope with challenges of strategy implementation.

1.4 Value of the Study

The study will be important in that first, it is expected to enlighten the management of Technoserve (K) in establishing strategy implementation challenges and the mechanism of overcoming these challenges. This will eventually enhance strategic performance and serve as a source of reference for future strategies being formulated. The result will act as a guideline to Technoserve (K) in dealing with strategy implementation challenges in the present and future programs. Other non profit making organizations can borrow from this research to also implement their strategies and in identifying and dealing with strategy implementation challenges. To the academia and other researchers, the findings will serve as a data bank. The findings will add to the existing body of knowledge and will be useful to the academic researchers who seek to establish possible causes of failure of strategy at implementation level in other organizations.

1.5 Scope of the study

Through Technoserve is an international organization, this study only focused on collecting information about strategy implementation challenges from Technoserve (K) staff.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Different scholars have done a wide range of research on strategy implementation and recorded their findings in books, journals, magazines, and other research papers. In this chapter, sample of such findings are quoted much related to strategic management process, strategy implementation, factors in strategy implementation and challenges in strategy implementation.

2.2 Strategic Management Process

The concepts of strategy and strategic management are as important in the public sector as in commercial firms. Basic processes and procedures are same, differences are only in context that is, environment under which they are practiced.

Koskei (2003) observed that the need to demonstrate value for money in outputs is becoming increasingly important and this has led to new paradigm in public sector management such as: Internal markets; Performance indicators and performance contracting; Competitive tendering; Competitive hiring of staff; and Privatization of public services. Planning in Kenya Government is characterized by; all planning revolve around the “ERS”-Economic Recovery Strategy for wealth and Employment; Key goal is poverty reduction; Broad strategies are set out for each of the sectors of the economy; and the various sectors are expected to develop their strategies deriving from the ERS.

2.3 Strategy Implementation

Strategy is the direction and scope of an organization over a long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholder expectations (Johnson and Scholes, 2005).

Once strategies have been developed, they need to be implemented; they are of no value unless they are effectively translated into action (Aosa, 1992). Translating strategy into action is concerned with ensuring that strategies are working in practice. A strategy is not just a good idea, a statement or a plan. It is only meaningful when it is actually carried out. Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objective (Pearce and Robinson, 2003). Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies through out the relevant system (Bryson, 1995).

A strategy may be good, but if its implementation is poor, the strategic objective for which it was intended may not be achieved. A well developed strategy will have to be executed well if the firm is to obtain success in its operations. There are four possible implementation outcomes as the figure illustrates.

Figure 1: Strategy Implementation Outcomes

		<i>Strategy Formulation</i>	
		Good	Poor
<i>Strategy Implementation</i>	Good	Success	Roulette (Gamble)
	Poor	Trouble	Failure

Source: Thomson and

Strickland (2003) Crafting and Implementing Strategy

As illustrated, Success is only one out of four possibilities. Only a good strategy which is also well implemented contributes to the success of a firm.

Thompson and Strickland (2007) viewed strategy implementation as operation-oriented, make things - happen activity at performing core business activities in a strategy supportive manner. It therefore tests a manager's ability to direct organizational change, motivate people, build and strengthen company competencies and competitive capabilities, create and nurture a strategy-supportive work climate, and meet performance target. Hills and Jones (1999) adds that strategy implementation refers to how a company should create, use and combine organizational strategies that lead to a competitive and superior performance.

Galbraith and Kazanjian (1986) noted that strategy implementation almost always involves the introduction of change to an organization. Managers may spend months, even years, evaluating alternatives and selecting a strategy. Frequently this strategy is then announced to the organization with the expectation that organization members will automatically see why the alternative is the best one and will begin immediate implementation. When a strategic change is poorly introduced, managers may actually spend more time implementing changes resulting from the new strategy than was spent in selecting it. Strategy implementation involves both macro-organizational issues (e.g., technology, reward systems, decision processes, and structure), and micro-organizational issues (e.g., organization culture and resistance to change).

2.4 Factors in Strategy Implementation

Once managers have decided on a strategy, the emphasis turns to convert it into actions and good results. Successful strategy implementation depends on doing a good job of working with and through others, building and strengthening competitive capabilities, motivating and rewarding people in a strategy-supportive manner, and instilling a discipline of getting things done (Thompson and Strickland 2007).

In a strategic Success formula Workshop (2006), Igor Ansoff, the world – renowned guru on strategic management proved that for a company to optimize its competitiveness and profitability, it has to align its strategy and capability with the environment. He stated that company's strategy and capability constantly needs realignment as its environment moves from one level of turbulence to another.

Aosa (1992) observed that strategy implementation is likely to be successful when congruence is achieved between several elements crucial to the process. The elements are categorized into structure and process elements. Structure defines the configuration of the company showing the relationships that exists between the various parts of the company and the process element include leadership, culture, resources and other administrative process (Learned *et al.*, 1969)

According to Kariuki (2004), organizations implement their strategies through their organization structures. He found out that the positioning of the function in the organization structure is equally important as it sets more focus on key functions whose performance is critical to the success of the business strategy and institutionalizes the decision making of the heads of these functions. Organizational culture is another major factor that determines success or failure of strategy implementation. It refers to the set of assumptions that members of an organization share in common. It also includes organizational member's habitual way of doing things (Pearce and Robinson, 2002). Mc Carthy et al (1996) in Wambugu (2005) noted that culture affects both the way the managers behave within the organization as well as the decisions they make about the organization's relationships with the environment and its strategy.

Walker (2004) states that learning a firm's culture provides a set of focal points for decision making as well as providing models for effective questioning and experimentation, while Thompson *et al* (2007) concur, indicating that the tighter the cultural-strategy fit in an organization, the more that culture will steer the personnel into

displaying behavior and adopting operating practices that promote good strategy execution. For strategy implementation to be successful in an organization, this will require changes in the dominant culture or sub-cultures which may not be in tandem with the desired change.

Early in the process of implementation and executing a new or different strategy, managers need to determine what resources will be needed and then consider whether the current budgets of organizational units are suitable (Thompson *et al* 2007). David (1997) observed that organizations have at least three types of resources that can be used to achieve desired objectives namely: Financial resources, human resources, and technological resources.

According to Thompson *et al* (2007), change in strategy nearly always calls for budget reallocations and resource shifting. Units important in the prior strategy but having a lesser role in the new strategy may need downsizing. Units that now have a bigger and more critical strategic role may need more people, new equipment, additional facilities, and above-average increases in their operating budgets. They continue to emphasize that more resources may have to be devoted to quality control or to adding new product features or to building a better brand image or to cutting costs or to employee retraining. Strategy implementers will therefore be needed to be active and forceful in shifting resources, downsizing some functions and upsizing others, not only to amply fund activities with a critical role in the new strategy but also to avoid inefficiency and achieve

profit projections. How well a strategy implementer link budget allocation to the needs of the strategy can either promote or impede the execution process Machuki (2005).

Another factor to strategy implementation is the efficiency and effectiveness of routine activities and the strength of support system. There are many routine activities that are performed in an organization to keep it running smoothly. Organizational performance also depends on how well the routine activities are carried out. The efficiency and effectiveness of the routine activities reinforce implementation of strategy. According to Mintzberg and Quinn (2002), support systems mean all procedures, formal and informal, that make the organization go day by day and year by year; capital budgeting systems; training systems; cost accounting procedures; and budgeting systems. The efficiency and effectiveness of the routine activities often depend on communication and technology in the organization.

According to Thompson and Strickland (2005), if an organization shifts to a strategy requiring skills and managerial approaches, employee training and re- training become an important part of strategy implementation process. Successful strategy implementation ensures that training function is adequately funded and effective training program put in place. Manyariki (2006) supports the need for continuous staff development by saying that implementing strategic change requires the confidence, cooperation and competence of organizational technical and management staff. Thompson and Strickland (2003) points out that staffing the organization by putting together strong management team, and recruiting and re-training employees with needed experience, technical skills and

intellectual capital assures successful strategy implementation. According to Boseman and Phatak (1989) in Mutugi (2008), there must be a proper fit between the center and the individual with the responsibility for its implementation.

Execution of strategy mainly depends on individual organization. Motivating and rewarding good performance by individuals and organizational units are key ingredients in effective strategy implementation (Pearce and Robinson, 1997). The reward system should match strategy so as to motivate strategy execution. This requires clearly and tightly linking the reward system to strategic performance. Success in strategy implementation depends on whether the organization has designed a reward system that motivates people to do what it takes to make the strategy work. Rewards need to be used creatively and be tightly linked to the factors necessary for good strategy execution (Thompson *et al*, 2007).

Pechlaner and Sauerwein (2002) pointed out that communication and cooperation between diverse participants within an organization have been recognized as crucial elements to maintain organizational stability and adaptation to change. Organizational communications play important roles in training, knowledge distribution and learning in the process of strategy implementation. They however argue that effective communication is primarily requirement of successful implementation but it does not guarantee the effectiveness of implementation.

2.5 Challenges to Strategy Implementation

Strategy implementation includes consideration of who will be responsible for strategy implementation; the most suitable organizational structure that should support the implementation of strategy, the need to adopt the system used to manage the organization (Johnson and Scholes, 2002), the key tasks to be carried out and desirable changes in the resource mix of the organization as well as the mandate of each department in the organization and the information systems to be put in place to monitor progress and resource planning(Pearson and Robinson,1997).

Implementation is successful if the company achieves its strategic objectives and targeted levels of financial performance. What makes it too demanding is the wide sweep of the managerial activities that have to be attended to the many ways managers can tackle each activity, the skill that it takes to get a variety of initiatives launched and moving, and the resistance to change that has to be overcome (Thompson and Strickland, 2003).

Implementation challenges arise from sources that are internal and external to the organization. The particular challenges that will face strategy implementation will depend on the type of strategy, type of organization and prevailing circumstances. He identified challenges in strategy implementation that can arise from sources internal to the organization as: Behavioral challenges, such as, resistance to change; Inadequacy of resources, such as, inadequate funds, inadequate facilities, and inadequate human resources skills and experience; and finally inappropriate systems of structure, culture, leadership, policies, support, and reward.

A company's present structure and strategy may constitute powerful obstacle to implement a new strategy. They produce a massive inertia, which has to be overcome before change takes place. The type of structure a company use can be a challenge. According to Pearce and Robinson (1997), successful strategy implementation depends on the firm's primary organization structure. Matching the structure to strategy is a fundamental task of organization strategist. When an organization structure is ineffective it becomes difficult to implement a strategy. Systems of ineffective organizational structure as identified by David (1997) include, too many levels of management, too much attention directed toward solving inter- departmental conflict, too large span of control, and too many unachieved objectives. According to Johnson and Scholes (1997) structure in itself will not ensure success of strategy, although an inappropriate choice of structure could impede success. A change in strategy often requires changes in the way an organization is structured (Koskei, 2003). This is because structure determines how objectives and policies are established and how the organization resources are allocated (David, 1997).

The most alarming problem experienced in many cases is lack of sufficient communication. Aaltonen and Ikavalko (2001) state that the amount of strategic communication in most of organizations is large, both written and oral communication is used inform of top down communications. However, a great amount of information does not guarantee understanding and there is still much to be done in the field of communicating strategies. In addition to that, before any strategy can be implemented, it must be clearly understood. Clear understanding of strategy gives purpose to the

activities of each employee and allows them to link whatever task is at hand to the overall organizational direction (Machuki, 2005). Lack of understanding of strategy is one of the obstacles of strategy implementation.

Participation is probably the most universally recommended technique for reducing resistance to change. Allowing affected employees to participate in both the planning and implementation of change can contribute to greater identification with the need for and understanding of the goals of the new strategy. Participation in implementation also helps to counteract the disruption in communication flows, which often accompanies implementation of a change. But participation has sometimes been overused.

Participation does not guarantee acceptance of the new strategy, and employees do not always want to participate. Furthermore, participation is often time consuming and can take too long when rapid change is needed

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the research methodology used for the study. The research design, population and data collection and analysis methods are elaborated.

3.2 Research Design

The study was conducted through a case study research design. Kithara (1990) defined a case study as a very powerful form of qualitative analysis and involves a careful and complete observation of a social unit, which may be a person, family, an institution, a cultural group or an entire community. Case study deals with depth rather than breath of issues. In this particular research the case study gives in-depth account of the challenges encountered by the Technoserve (K) during strategy implementation and how it has been responding to them.

3.3 Sampling Technique

The population of this study Technoserve (K) and the sample to be interviewed was picked using stratified random approach. All the levels of the organization were presented and in general eight individuals were interviewed.

3.4 Data Collection

This study uses primary data to obtain the strategy implementation challenges encountered and remedial actions taken to deal with the challenges. The data was

obtained through interviews. The researcher personally interviewed the interviewees so as to have an opportunity to clarify issues arising during the interviews and also gain any new information. An interview guide was used to interview the respective management team members. From corporate level, those interviewed include: country Director and the Deputy country Director. From functional level, those interviewed include Program managers of the various programs, Senior Business advisors And trainers who directly deal with clients.

3.5 Data Analysis

Data collected is analyzed using content analysis because this study seeks to solicit for data that is qualitative in nature especially given that it is a case study. Analysis of data involved comparing it with the theoretical approaches and documentations cited in the literature review. The data obtained from various management team members was compared against each other in order to get more revelation on the issue under study.

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

The study intended to achieve two objectives; to determine the challenges of strategy implementation at Technoserve (K) and to establish the measures taken by Technoserve (K) to cope or mitigate the impact of these challenges to the strategy implementation. An interview guide was designed to solicit data from the middle level managers relating to the challenges of strategy implementation and measures taken there of. A systematic qualitative description that amounted to content analysis of data was conducted in order to give in depth findings of the study.

The study viewed this level of management as one that have pivotal role in ensuring the institution implement the efficiently and effectively. However in as much that this level constitutes managers with long outstanding experience and unquestionable professional skills in their respective areas, coupled with high degree of commitments towards successful implementation, the study was able to establish the challenges they face in the process.

The study established that some aspects of organization culture and structure, staff demotivation due to unsound reward system, insufficient communication and alignment of the resources to the strategy as major challenges that are faced at the Technoserve (K). Others include resistance to change, poor strategy leadership, existing policies/procedures and external environment. This chapter will discuss the strategy implementation in Technoserve (K), challenges of strategy implementation at Technoserve (K) and finally

the measures that the organization is taking to cope and mitigate the negative impact of the challenges.

4.2 Strategy Implementation at Technoserve (K)

The strategic intent of Technoserve (K)'s plan for the period 2008 – 2011 was formulated to provide a road map for progress from the position it was in during the year 2008 to the ideal planned position in 2011. The strategic plan laid down nine main goals and set of objectives to be met within the planning period. These goals include; meeting the expected numbers of clients, giving accurate and timely reports to the donor, to effectively enhance professional capacity of Technoserve (K), to strengthen internal and external systems and framework in which Technoserve (K) operates, to promote information and knowledge sharing and enhancing ICT in reporting internally and also externally.

In order to achieve the planned change, Technoserve(K) has been undergoing transformation by way of reforms, retraining and revitalization in the manner in which it conducts business with considerable emphasis being placed on meeting the numbers as expected by the donor, production of high quality and timely reports. In this regard, the office has set up a reorganization strategy designed to aid in facing the challenges of transformation.

4.3 Challenges to Strategy Implementation at Technoserve (K)

Implementation challenges arise from sources that are internal and external to the organization. The particular challenges that will face strategy implementation will depend on the type of strategy, type of organization and prevailing circumstances.

4.3.1 Introduction

The study established that despite Technoserve (K) having a well formulated strategic plan, the organization has experienced difficulties in the implementation process. This section will discuss these challenges as obtained from the study conducted.

4.3.2. Organization Culture

Organization culture is the company's way of doing things. It constitutes norms, values and beliefs that are held over time in the course of doing business. The match between strategy and culture is crucial for successful implementation of the strategy. The study aimed at establishing whether or not such a match exists, and if it does how challenging it is to effective strategy implementation.

The Technoserve (K) establishment can be traced back in 1955 as the Office of the Controller and Auditor General under the Exchequer and Audit Act, Cap 412. The way things are done has been established over time. There is a mix of value and beliefs that have been propagated over time by people who have had senior management positions for a considerably long period of time. These aspects have been instilled into the other organizational members and defined as "the way we do things around here" hence the

organizational culture. The study found out that some aspect of culture promote negative attitude amongst some staff towards their development. The culture of Technoserve (K) has been limited by the way managers and employees interact and relate to each other. The tendency of 'US versus THEM' relationship was noted to an extent that the strategic plan has been taken by other officers as 'their plan'. There is a strong peer pressure from the staffs and especially the long serving staffs to do things the way they have been used to despite too many changes. The institution also suffers from change resistance culture that is less adaptive and less concerned about the importance of new developments. It has been established that those comfortable with the status quo take the largest part of the institutions staff and are also the most influential including the top managers. The study indicated that even the strategic leadership to support the strategy implementation to successful implementation is weak.

4.3.3 Organization Structure

Organizational design defines the roles, responsibilities, boundaries, processes and procedures and relationships of the various positions. These define the organizational structure and it was the intention of the study to establish how the organization's structural design impedes successful strategy implementation. Technoserve (K) has a divisional structure and it was pointed out that this structural design is largely dictated of the nature of the business it is engaged in, hence inevitable but necessary and appropriate.

However, the study established some aspects of this structure that impede successful strategy implementation. The structure defines reporting procedures which prove to be

unnecessarily long and time consuming hence slowing down the decision making process. The structure also breeds lack of authority whereby decisions to be made by one or few office holders such as a divisional head are constrained. Those with power to make decisions mostly the top managers have had too much power that could not be challenged even if their interest was far from the interest of successful strategy implementation. Such lack of autonomy in decision making amongst middle level managers raises the greatest question on the positioning and definition of some of the functions in the structure. For instance decisions pertaining staff matters has been in conflict between various departments and at the end of the day their issues remains unattended hence low morale towards strategy implementation.

4.3.4 Communication Process

According to factors considered successful to strategy implementation, it was established that effective communications play important roles in training, knowledge distribution and learning in the process of strategy implementation. That communication and cooperation between diverse participants within an organization has been recognized as crucial elements to maintain organizational stability and adaptation to change.

The study sort to establish whether, insufficient communication impairs in any way, smooth implementation of strategy. It was revealed that despite the fact that Technoserve (K)'s strategic plan was well formulated; the manner in which it was communicated was not satisfactory. In the view of interviewees, it was likely that most officers are not aware of the content if not both the existence and content as at the time of the study. Due to this,

vision and mission of the institution remains unclear to those expected to implement. The overall objective of the institution has been replaced with divisional and team goals which at times do not match or are not congruent with the institution's vision and mission.

The insufficient communication about the strategy has hindered smooth implementation since the purpose of activities imposed on officers is not given and hence they cannot link whatever task is at hand to the overall organization direction. This results to high level of resistance to change.

4.3.5 Resource Misallocation

Early in the implementation process, the managers need to determine what resources will be needed and then consider whether the current budgets of organizational units are suitable. The study aimed at establishing whether the inadequacy of financial, human and other resources are a problem in any way to the strategy implementation at Technoserve (K). The study established that Technoserve (K) has ample resources in terms of finances and staffs that it would require to successfully implement their strategy. However, the alignment of these resources to the new strategies is a major hindrance to the strategy implementation. Technoserve (K) has not been able to marshal resources available to support the new strategies.

A company's ability to marshal the resources needed to support new strategic initiatives and steer them to the appropriate organization units has a major impact on the strategy

implementation process. For instance, Technoserve (K) continues to spend a lot of fund on desk tops computers in attempt to cope with technology advancement while staff required lap tops to work on from clients' premises. Second example given involves very qualified auditors assigned permanently to clerical jobs while some departments are inadequately staffed.

4.3.6 Unsound Reward System

Successful strategy implementation depends heavily on competent personnel. The study established that Technoserve (K) has very qualified, skilled and competent staff and a lot of funds have been channeled towards updating their skills. However, the implementation problem emanating from personnel issues has to do with lack of motivation. The response that was obtained revealed that staffs are quite de-motivated and also demoralized towards achievement of the grand objective of the institution. The rewarding system was regarded as based on other things that do don't support implementation process other than being performance based. There was indication that staff matters and interests are highly neglected thus de-motivating them. The respondents felt that the office can consider hiring a trained and experienced Human Resource Manager to professionally deal with the issue of staffs. The study also established that the way in which recruitment is conducted does not support the vision of Technoserve (K). For instance; too much funds and time have been used to train staffs hired without community serving back ground whereas the market is ready with qualified community workers.

4.3.7 External Factors

The study identified a number of macro-environment factors that are a challenge to the successful strategy implementation. These were identified as; Government policies and procedures, Clients moving too much faster than the institution in terms of technology, Integrated Financial Management Systems delay in processing of accounts and Economic crisis that has required each government department to cut their expenditure.

4.4 Measures taken to cope and mitigate the negative impact of challenges

The effect of cultural misfit has been felt in the institution and the measures taken include constant transfers to separate the officers who have stayed in the same branch for along time. Trainings have also been conducted to create awareness on the requirements of community serving. The institution has also resulted to hiring from private and public sector for the management position to encourage new ways of doing things. Adaptive culture – willingness on the part of organizational members to accept change and take on the challenge of introducing and executing new strategies, is the aim of the institution.

Concerning the problems of the structure, the institution has tried to decentralize its decision making process by strengthening the decision making capacity and authority of many managers. This is as opposed to what used to happen before the implementation process begun where all decision had to be passed by the Country Director. The institution is also working on flattening further the organization structure as well as balancing it with the span of control.

Information must be available to those who need it. Both managers and employees should be kept informed of the means by which information is made available. The organization has noted this inefficiency and measures have been established through creating a new department called communication department. This is aimed at facilitating smooth flow of information. However, the purpose of the department will be served if it is well staffed in terms of number and skills. The office is in process of installing Wide Area Network that is intended to net work all branches and will allow information sharing.

A change in strategy nearly always calls for budget reallocations and resource shifting. Units important in the prior strategy but having a lesser role in the new may need downsizing. Units that now have a bigger and more critical strategic role may need more people, new equipment, additional facilities and above average increases in their operating budgets. More resources may have to be devoted to quality control and technological capacity. Visible actions to reallocate operating funds and move people into new organization units will be a catalyst to the successful implementation process.

It should be noted that a properly designed reward structure is management's most powerful tool for mobilizing organizational commitment to successful strategy implementation. To get employee's energetic commitment, management has to be resourceful in designing and using motivational incentives monetary and non- monetary.

Technoserve (K) has emphasized on the annual staff appraisal programs that are used in determining those to be promoted. This is only limited by government policies and

procedures that dictate the period in which one should serve under a certain level before he/she qualifies for a promotion. The institution has also developed a new scheme of service which spells out the minimum qualifications which has not been followed in the recent recruitments.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The findings of the research study are summarized and discussed in this chapter, focusing on the main objectives of the study which included establishing challenges encountered during strategy implementation. The study also sought to determine how Technoserve (K) is coping with these challenges. This chapter will also highlight the recommendations, limitations of the study and suggestions for further research.

5.2 Summary and Conclusions

Strategy implementation is concerned with planning how the chosen strategy would be put in action and effective management of both deliberate and emergent changes. The implementation is usually the most difficult face in the strategy implementation process and is often hit with numerous challenges. The objectives of this study were to determine the challenges faced by Technoserve (K) during strategy implementation and measures taken to cope with these challenges. The findings regarding these objectives are summarized, discussed, and conclusions drawn are presented below in the order of the objectives. The findings were consistent with other findings by Koskei (2003), Pechlaner and Sauerwein (2002) and Aaltonen and Ikavalko (2001).

5.2.1 Strategy Implementation Challenges

The first objective was to determine the strategy implementation challenges encountered by the institution. In order to achieve this objective, interviewer used an interview guide

with a list of challenges identified during literature review as common impediments to the successful implementation of strategy. The intention was to enable the interviewer determine whether these challenges apply to non governmental organizations specifically Technoserve (K). Using the guide, the interviewer managed to probe and get additional information that was either not available in the literature review or which existed but in a different dimension.

The findings of the study indicate that the less adaptive culture has posed a great challenge to the implementation process of the Technoserve (K)'s 2008-2011 strategic plan. The traditional way of doing things in the organization, the attitude of 'WE' versus 'THEM' that creates a gap between managers and other staffs, lack of team spirit as well as reluctance to embrace change has frustrated the efforts of strategy implementation in the institution. It was noted that the issue of culture has not been addressed and this remains a major hindrance to achieving the strategic objectives.

The respondents expressed their dissatisfaction in the communication process in the institution regarding supporting the strategy implementation. They indicated that the launching of the 2008-2011 strategic plans and since it is being implemented in bits; the officers are often surprised with new operations without knowing the basis of change. They agreed that many officers are aware of the strategic but do not know the content or the strategic intent of the organization. It was also revealed that very few people were involved in the formulation while the implementation is expected to be the task of every one in the institution. This has resulted to lack of enthusiasm in the implementation and

ownership of the strategic plan by the officers. The study identified a major hitch from the responses given relating to failure of the institution to reorganize available resources in order support the new strategy. The respondents agreed that the manner in which resources were allocated was very adequate for the former strategy but can not be applied to successfully implant the new strategic plan. This revealed that in some units, there over allocation or under utilization of resources while other units experience limited resources in terms of time, finances and staffs.

Unsound rewarding system was identified as the cause of de motivated staffs. The study indicated that the organization's reward system is not performance based. The respondents indicated that high performers are not rewarded accordingly while other bases that do not support strategy implementation are used. The study also indicated that the way in which recruitment is conducted does not support the vision of Technoserve (K). The findings of the study also held that some external factors that are out of control of the strategic leaders that hinder the successful implementation. These include: Government policies and procedures, Information Technology issues, Economical Recession as well as political issues.

In conclusion based on the above findings, Technoserve (K) like any other firm is also exposed to challenges during its strategy implementation process. These challenges can affect the long term direction of a firm to an extent of failing to achieve the strategic objectives. Implementation is successful if the company achieves its strategic objective and targeted level of financial performance. Each of the challenges identified have a part

to play in hindering the success of implementation. To be proactive in organization management, the strategic leader should seek to detect and identify possible challenges even before they affect the organization strategies and apply the right preventive and corrective measures. The findings of this research on challenges encountered are well aligned to previous studies which confirm that implementation challenges cut across all industries whether profit or non profit making and that what varies is the degree of impact and the extent of each challenge due to diversity and nature of the organization.

5.2.2 Coping Strategies

The second objective of the study was to establish the measures Technoserve (K) has taken to cope with the strategies identified above. Results show that the main strategies used include; staff training, transfers, changing of organization structure to suit the strategies, establishment of communication department and emphasis on annual staff appraisal programs. The study recommended that Technoserve (K) can also deal with these challenges through; change of strategy, change of leadership and out sourcing major services to professionals for instance human resource and finance managers.

In conclusion, it is clear from the findings of this study that for any organization to survive the turbulent environment, it must invest in putting in place necessary efforts to respond to the changes in the environment. All these challenges can lead the firm to fail completely to implement the strategic plan hence not realizing its vision. It can also be very expensive to a company to abandon a strategic plan because of challenges. The study also proposes that the firms should be more proactive than reactive in dealing with

challenges to implementation. Strategic plan leaders should seek to detect hindrances before they arise. To be able to deal with these challenges, the firm must focus all their resources and systems towards implementation, with special emphasis on these that have great impact. We can also deduce that there is no one best way of dealing with the strategy implementation challenges, the effort should be geared towards deploying a combination of the above listed strategies.

5.3 Limitations of the study

For completeness and better understanding of the implications of research findings, it is crucial that the limitations of this study be high lighted. The study was covered within a period of three months and due to time constrains, the study only confined itself to challenges of strategy implementation at Technoserve (K). Other aspects of strategic management process were ignored such as formulation and evaluation. A lot can also be studied in the entire stage of strategy implementation. Due to limited resources also, the study also collected data only from a section of management team as opposed to all members of the organization.

5.4 Suggestion for Further studies

The most critical phase of strategic management process is translating strategic thought into organizational action. Once strategies have been formulated, they need to be implemented and without successful implementation, the vision of the organization can never be realized. According to this study, it has been revealed in the literature review that most of well designed strategies fail at the implementation stage. In this regard,

similar studies of strategy implementation challenges should be studied in other NGOs private institutions and Government Agencies. The study can also be replicated in Technoserve (K) focusing the views of lower level managers, team leaders and the other auditors in general. The suggested studies if carried out in the short term can promote objectivity as well as validate the findings of this study.

5.5 Recommendations

The findings of the study reveal that the challenges encountered during strategy implementation eventually works against the implementing team. It follows that when issues concerning this team are ignored, the implementation process is bound to be affected. It is therefore recommended that the management of Technoserve (K) be on the look out on the strategy implementation issues with the main focus being to empower and strengthen the implementation team.

Communication process in the organization should be enhanced to ensure all the staffs are aware and that they understand the contents of the strategic plan so that goal congruence can be obtained. This will also ensure that staffs are involved from formulation stage thus developing a strong sense of ownership and support at the implementation stage. Whenever the vision is clear, the staffs don't view things imposed on them forcefully but rather they embrace it and long to reach completion.

It has been established that Technoserve (K)'s present culture may not be compatible with the new strategies. The institution should therefore strive towards a high

performance culture 'can do spirit' which holds a strong sense of involvement on the part of staffs and emphasis on individual initiative. A high performance, result oriented cultures are permeated with a spirit of achievement and have a good track record in meeting performance targets. In such a culture the rewards are based on performance. Besides this, an adaptive organization culture should be embarked on. Adaptive corporate culture entails the willingness on the part of organizational members to accept change and take on the challenge of introducing and executing new strategies.

The institution should realign its resources to support the new strategies. Proper planning and budgetary allocation required should be put in place to enhance efficiency and effectiveness in the implementation process. A change in strategy nearly always calls for budget reallocation and resource shifting. For instance, units important in the prior strategy but having a lesser role in the new strategy may need downsizing. Units that now have a bigger and more critical strategic role may need more people, new equipment, additional facilities and increased operating budgets. More resources may have to be devoted to quality control and technological capacity. Visible actions to reallocate operating funds and move people into new organization will be a catalyst to the successful implementation process. Technoserve (K) should also consider enriching its staff combination by engaging professionals from all fields who are experts in different areas such as human resource, financial analyst, doctors, quantity surveyors, engineers among others will assist in their resource management as well as offering technical advice in different tasks.

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APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

University of Nairobi, School of Business
Department of Management, Science
P.O. Box 30197
NAIROBI.

Dear Respondents,

RE: SEARCH FOR RESEARCH DATA

I am a post graduate student at the University of Nairobi pursuing a course in Masters of Business Administration (MBA), specializing in strategic management. In partial fulfillment of the course requirement, I am conducting a case study on challenges of strategy implementation at Technoserve (K)

For the purpose of completing my research, I wish to collect data through the attached questionnaire. I shall be grateful if you kindly allow me to interview you.

The information provided is purely for my research project and will be treated with strict confidentiality. A copy of the final research report will be availed to you upon request.

Thank you for your co-operation.

PATRICK M. NDONGA
MBA STUDENT

APPENDIX 2: INTERVIEW GUIDE

1. How many years have you worked at Technoserve (K)?
2. What is your main responsibility in the organization?
3. Do you know the vision and mission statements of Technoserve (K)?
4. Has the Vision and Mission of Technoserve (K) changed in the last 10 years. If so why did it change?
5. Do you consider insufficient communication about the strategic changes as a hindrance to implementation of strategies in the institution? What measures has the organization taken to deal with it?
6. Is the inadequacy of resources such as funds, facilities, human resource, skills and experiences affecting adversely efforts to implement strategies?
7. To what extent is each of the above a problem to current strategy implementation? How is the organization coping with the issues? Comment on measures taken to mitigate the impact of the problems?.
8. Do you think that the way strategies and structures are matched in the organization could interfere with successful implementation?
 - a) Are they supportive of each other?
 - b) Is there too large span of control?
 - c) Is the structure in place wrongly chosen?

9. To what extent is strategy implementation affected by;-
 - a) The key formulators of the strategic decision not playing an active role in implementation?
 - b) Overall goals not sufficiently understood by employees?
10. Would you say the management staff has inadequate skills that would hinder the success in implementing strategies? If so, has the organization acted on it appropriately?
11. Does the training given to the management staff often shift the focus from understanding the concept of strategy and its implementation? (Probe)
12. Do you think that the way staffs recruitment is done hinders successful implementation of strategy? (Probe)
13. Would you consider the key implementation tasks and activities not sufficiently defined? How are these factors a challenge to implementation?
14. Are reward systems applied to staffs in the organization pose any challenge to strategy implementation? If so, which measures has the organization taken to control this?
15. What role has the corporate culture played in the impediment of the implementation of strategic plan? What actions has the organization taken to control the adverse effects of culture in strategy implementation?
16. To what extent has your organization experienced resistance to change due to; negative attitude, vested interest, inertia and ingrained organizational practices? (Probe)

17. Is the issue of poor leadership in strategy management a challenge to strategy implementation? Comment.
18. In your opinion would you say that the existing policies (guidelines, procedures, rules and administrative practices) pose any challenge in facilitating strategy implementation? Explain.
19. Are there any uncontrollable factors in the external environment that have adverse impact on strategy implementation? Explain.
20. Are there any other challenges Technoserve (K) is facing in the implementation of strategies? Explain.
21. What is Technoserve (K) doing to cope with the challenges you have described (probe fully).

Thank you for your contribution and patience