M

CHALLENGES OF STRATEGY IMPLEMENTATION: A SURVEY OF MULTINATIONAL MANUFACTURING COMPANIES IN KENYA

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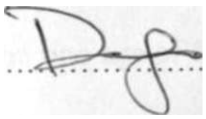
RESPER/ANYANGO

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF THE MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER 2007

DECLARATION

This is mv oriainal work and has not been submitted for a degree in any other University.



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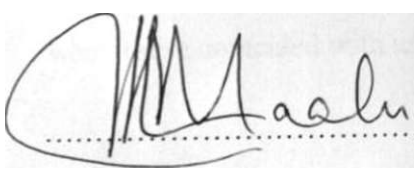
This project has been submitted for examination with my approval as a university supervisor.



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MR. JACKSON MAALL **DATE**

SUPERVISOR

DEDICATION

To my friends, family members, working colleagues and lecturers in the University of Nairobi staff at the School of Business.

At the ripe age of 55 years, this MBA dream could not have been accomplished without encouragement from a cross section of friends and family who constantly encouraged me to move on even when at times the going was very rough. My late mom and dad who would have been proud to witness my graduation once more.

To you all I say a big thank you for being there for me.

However a special, thank you to the following groups: my children. Peter. Jackie. Frankline. Julius. Gloria and Fiona for their moral support. Fiona for bearing the full brunt of a busy mother who at times made technical appearances on school visiting days when these coincided with university C.A.T s on Sundays.

My colleagues at my work place in Kodak whose support enabled me to balance work and study.

My brothers and sisters for their understanding of my unavailability during family sessions. My sole mate Agnes Ogada whom we shared many units together.

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I acknowledge scholars and the academic family for providing an enabling environment in which I have managed to carry out a scholarly study with the intend of enriching what has been studied as well as giving a chance to other scholars to carry out further studies.

William Lay MD of General Motors who helped shape the direction of my survey.

All the managers in the manufacturing MNC's in Kenya who set aside time from their busy schedules to respond to the questionnaire.

Finally to Mr Jackson Maalu my supervisor whose guidance was instrumental in a successful completion of this project.

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ABSTRACT

Strategy implem'entation is the action aspect of the strategic management process through which strategy is a translated into action and involves change. Strategy implementation boils down to managing change and the resistance thereof, and is where the really test to the success of a strategy lies. While strategy formulation is entrepreneurial and involves visionary as well as theoretical perspective, implementation is basically, administrative and involves bringing change by working through other people, organizing, motivating, culture change building and finding the optimal fit between strategy and the organisation structure. This study sought to find out the challenges of strategy implementation by multinational manufacturing companies in Kenya.

The objectives of the study were to determine the key challenges MNCs in the manufacturing sector encounter in Kenya in implementing their organisational strategies and to establish how MNCs have gone about overcoming the challenges in strategy implementation. A census study was used in the study. Data was collected using questionnaire method that had structured and unstructured questions. A total number of 21 respondents were involved in the study each representing the 21 companies out of the 32 firms identified as MNCs operating in Kenya.

The findings of the study show that there are various challenges in the implementation of strategy by MNCs and the most significant ones were; high staff turnover at 14.3% to very great extent, fear of change and cultural restraint, inadequate staffing at 33.3% to a

great extent (competition, political influence, unsupportive Government policy and poor infrastructure) external factors 28.6% to a moderate extent and inadequate funds to support strategy Implementation at 42.9% to a less extent.

The findings indicate that MNCs operating in Kenya are part of the global organisations that embrace the key elements necessary for effective strategy implementation. On structure 95.2% reported a change in organizational structure to fit the new strategy. The findings show that 33.3% of the MNCs's organizational structure influence strategy implementation to a very large extent while 57.1% considered it to influence strategy implementation to a great extent. The findings show that 47.6% and 61.9% of the MNCs reported that senior management leadership style and their assessment of competence among new employees respectively affect strategy implementation to a very great extent.

The findings indicate that 47.6% of the MNCs agreed that staff management and firms recruitment policy affected strategy implementation to very great, while on the other hand 66.7% said that maintenance of finance management systems influenced implementation of strategy to a very great extent On the other hand all the respondents agreed that these challenges were also widespread among other firms in the industry. It can be seen that majority of the respondents comprising of 47.6% reported that organization's culture affected the implementation of strategy to a great extent. It can be seen that majority of the respondents comprising of 85.7% confirmed that the challenges faced by the organization applied to all the departments while only 14.3% said that they were unique to their departments.

Suggested solutions to the challenges to strategy implementation had 19.0% of the respondents expressing an overwhelming desire for Government intervention in policy that would facilitate opportunities for MNCs in order to encourage additional investment in the country as many are currently downsizing their operations and moving to other more attractive locations. 4.8% by of the surveyed MNCs. indicated that parent company policies incorporate locals to the ownership of the company, encouraging people to learn and understand new ways of working, as well as attractive incentives to employees and 14.3%.indicated the need to have work contracts for the locals.

CHAPTER ONE: INTRODUCTION

1.1 Background

Modem organizations whether public or private, profit or non profit-driven are today engaged in strategic management as a basis of formulating their goals and monitoring their performance. Today's environment has not only become increasingly competitive but uncertain, complex interconnected and fast changing. Organisations are therefore required to think and plan in advance and yet is flexible enough to incorporate changes as they evolve in the ever changing environment (Brvson. 1995).

All organizations are environment dependant (Ansoff. 1988). The environment can be either remote or immediate. The remote or macro environment consists of Political, Economic. Social. Technological. Ecological and Legal factors (PESTEL) that would impact on an organisation. The immediate environment on the other hand consists of organisational resources or and factors within the reach and influence of a manager. While managers may be able to control and manipulate the immediate environment the remote environment does pose uncontrollable challenges that managers have to cope with for the success of their organisations. Modern executives must therefore devise ways and respond to the challenges posed by the firm's immediate and remote environment (Pearce & Robinson 2003). These challenges must be anticipated, monitored, assessed and incorporated into the executives' decision-making process (Wairegi, 2003).

In 1992 the Kenya government liberalised the economy lifting import restrictions, ushering in a market driven economy. This major shift in government policy posed a major challenge to many firms that had been operating in a protected economy and their continued existence in the market could only be achieved through fundamental changes within the organisation in the face of these external factors in the environment. Subsequently the Kenyan economy has undergone significant changes in both policy and leadership. Liberalization was followed with structural adjustments recommended by Breetenvvood institutions ushering in an economic downturn that had not been experienced before.

There ensured a period of high inflation, unemployment, retrenchments that became the order of the 90's. The challenges faced by firms in Kenya then and even now include: high cost of doing business due to poor infrastructure and high electricity costs, emergency of new trading blocks globally, high levels of corruption, explosion of information technology, non tariff barriers with Kenya's trading partners, a heavily regulated licensing regime. Against this background therefore, organizations both big and small had to rethink and relook at their strategies. For many, change was inevitable, and there arose a need to come up with new strategies that would address these rapid changes within the environment. The new or revised strategies face implementation challenges as a result of factors within and without the environment in which the organizations are operating.

1.1.1 Strategy Implementation Challenges

Strategic management can be broadly described as a concept about how to compete in an industry. It is the direction and scope of an organization over long-term, which achieves advantage for the organization through configuration of resources within a changing environment, to meet the needs of markets and to fulfil stakeholders' expectations (Johnson & Scholes. 2004). Strategic Management is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objective (Pearce and Robinson. 1991). Strategy consists of competitive moves and business approaches to produce successful performance.

Strategy implementation is the action aspect of the strategic management process through which strategy is a translated into action and involves change. Strategic change is defined as the use of systematic methods to ensure that a planned organization change is guided in the planned direction, conducted in a cost effective and efficient manner and completed within targeted time frame with desired results (Davis and Holland 2002).

Strategy implementation boils down to managing change and the resistance thereof, and is where the really- test to the success of a strategy lies. While strategy formulation is entrepreneurial and involves visionary as well as theoretical perspective, implementation is basically, administrative and involves bringing change by working through other people, organizing, motivating, culture change building and finding the optimal fit between strategy and the organisation structure. The implementation process may involve significant changes in the organisation structure, culture and systems (Pearce and

Robinson. 1988). Implementation challenges arise in organizations as a result of failure to match these elements to the strategies.

Implementation unlike formulation permeates everyday life (Thompson and Strickland. 1993). Emphasising on the behavioural aspect. (Todd. 1999) defines change management as a structured and systematic approach to achieving a sustainable change in human behaviour within an organization. Since change has become an enduring feature of organizational life (Rose and Lawtone. 1999). today's managers have to face the challenges posed by the environment hence embrace the ensuing strategic responses. The execution involves, motivating, controlling (David. 1997), and balancing the power politics. The unpredictable nature of today's environment makes strategy implementation more difficult and complex (Harvey, 1988). Research carried out in this area (London and Hart. 2004: Mintzberg and Quin: 1991: David. 1997: Wang, 2000) indicate an implementation failure rate of over 65% in organisations.

1.1.2 Multinational Corporations (MNCs)

Multinational companies (MNCs) are corporations with substantial investments in foreign countries and are engaged in active management of those offshore assets (London and Stuart. 2004). MNCs can also be defined as organisations that have established identical units of their domestic business in different countries and markets. According to a United Nations report (1973), a central characteristic of Multinational Corporation is the predominance of large firms, typically with sales running into millions of dollars, at times exceeding economies of some nations. The market in which they operate is typically dominated by few players. The firms are characterised by the importance of new technologies and special skills, and tend to differentiate their products through intense advertising which sustains and reinforces their oligopolistic nature. MNCs usually role out their global plans from their head offices mainly from their headquarters. MNCs strategic plans are usually very broad based and would focus more on the 80/20 rule looking critically at locations that give them 80% of the values and hence evaluate factors that would influence the success or otherwise of strategy implementation.

Due to size and level of economic value. Africa and specifically Kenya tend to have minimal contribution to the overall MNCs value, which end up being rendered insignificant when formulating strategy. What finally comes out as an implement able strategy in many cases for these MNCs creates huge challenges for the managers in these parts of the world as they are forced to try and align the global strategy to their unique local situation. Peng (2001) captures this challenge aptly in the following observation." Most research by management scholars on firms strategies in emerging economies suffer from a preoccupation with strategies that seek to overcome the lack of western style business environment" It was little wonder therefore that with liberalisation of the 90's many MNCs packed and left Kenya including big names like IBM, 3M, Gillette. Johnson and Johnson, Proctor and Gamble. Toyota Kenya folded up and was declared insolvent. From the above it can be argued that strategy implementation, or change management against a background of rapid and significant environmental changes that we have witnessed in Kenya for the last fifteen years faces certain challenges that can lead to exit or closure.

1.1.3 Manufacturing Companies in Kenya

Manufacturing companies can be defined as firms that buy certain product as inputs and processes (transforms) these inputs to a value added final product for sale. Based on data from 2007 Kenya Association of Manufacturers (KAM). the manufacturing sector plays a significant role in the overall economic performance in the country contributing about 10% to the country's GDP and contributing over 60% of government revenue through taxes with an output value estimated at over Kshs. 502 billion in 2005. The sector like the rest of the economy stagnated in the 90s had a low growth of 1.6% in 2001 but has experienced a recovery in the last few years registering a growth of 4.9% in 2004 .5.8% in 2005 and 6.9% in 2006. This impressive growth in the sector is closed aligned to the overall economic performance of 4.9% in 2004, 5.8% in 2005 and above 6% in 2006 thus creating some linkage on the impact of manufacturing to the overall economic performance. KAM acknowledges that the growth in the sector has been driven more by an increase in volumes supplied to the emerging markets of Southern Sudan. COMESA. EAC and USA than efficiency and productivity improvements. In terms of external trade, the manufacturing sector accounts for 34% of exports /foreign exchange earnings ahead of horticulture, tea. coffee and tourism.

Despite recording significant presence in the early years of independence many MNCs moved out of Kenya as government policy was not conducive to doing business here compared to other friendly emerging markets especially the emergent Asian blocks. Only 10% of the current firms in the sector go back to 1960 and before, 45% were established between 1980 and 2000 and the rest after 2000. Most of the firms in the sector are very small in size, capital, and turnover having an employee base of less than 50. In terms of ownership. 48% are privately owned by Kenyan citizens. 46% privately owned through partnerships between Kenyans and non Kenyans. The balance includes some of the few remaining foreign owned subsidiaries of MNCs that are fairly large with Kenya as the regional base to serve the East African region. Local firms are owned by indigenous Kenyans. Kenyans originating from other countries and majority being Kenyans of Indian origin (Aosa. 1992). Despite the small number of firms. MNCs contribution in the manufacturing industry is significant, employing 88 percent of total labour force in the industry, with value added and value output of 74 percent and 88 percent respectively in 2005 (Central Bureau of statistics 2006). This paper seeks to understand the challenges that MNCs in the manufacturing sector in Kenya encounters in their strategy implementation.

1.2 Problem Statement

It is of great interest to appreciate that MNCs mainly formulate their strategies at their company headquarters and role them out to their global operations for implementation. The parent company would in many cases expect the MNCs to implement these strategies based on parent companies perceived understanding of the global markets. Strategy implementation therefore faces resistance as there is bound to be differences brought about by local factors. These factors which include local management styles, shared values, skills, systems and structure may not be congruent with the parent company. Additionally the strategies having been formulated at the parent company may have had limited participation and input from the local operations and can lead to systemic and even importantly behavioural resistance to implementation. The research problem is to establish that broad based strategy plans, which do not take into account both the local and international environmental factors in which the MNCs are operating, do lead to greater implementation challenges. These challenges can lead to total failure or sub optimum performance of otherwise excellent strategies.

Before the government liberalisation of the 90's local manufacturing industry enjoyed a protective regime in that other imports of similar product locally manufactured was prohibited (World Bank report 1994). This opening up posed a significant challenge to a market that had been protected. Today firms in the country have to operate within this liberalised economy. My study of MNCs in manufacturing is motivated by a desire to understand how multinational firms are able to face this changed environment, the challenges they face in strategy implementation given that they are operating in a developing world whose political, economical, technological, social and cultural environment is totally different from the home countries.

Strategy implementation as a field of study is so new that there is no consensus about its dimensions (Stoner et al 2001). Hrebiniak (2005) states that strategy implementation is still new field of management and has not been fully understood compared to formulation. The need to add to the existing knowledge exists and in addition the current literature is biased towards developed nations, creating a further gap in the emerging economies and their unique needs. Aosa (1992) covered strategy formulation and implementation in large private manufacturing companies in Kenya but this is fourteen years ago and a lot has happened since then that may have changed his findings or needs updating. Awino (2000).

Vluthuiya (2004) wrote on strategy implementation challenges for Non-profit making organisations and Non Governmental Organisations (NGOs) respectively. Ochanda (2005) has looked at the challenges facing firms in strategy implementation at Kenya Industrial Estates being a sample of a state corporation. To this pool of knowledge there is still a need to further study strategy implementation challenges in private sector in Kenya in reference to MNCs whose grand strategies are developed in home countries.

1.3 Objectives of the Study

The objectives of this study were:

i. To determine the key challenges MNCs in the manufacturing sector encounter in Kenya in implementing their organisational strategies.

ii. To establish how MNCs are responding to the challenges in strategy implementation.

1.4 Importance of study

The results of this study will bring additional understanding of conflict between MNCs global decisions and challenges encountered at local company implementation level.

To potential investors (global firms) with need to understand challenges in developing nations before making the appropriate investment decision, this study will greatly be useful to them.

This study will also help the government to gain more awareness of local environmental challenges for policy framework improvements that encourage Foreign Direct Investment (FDI).

Finally, the study is meant to help in bridging the knowledge gap that currently exists between the locaf entrepreneur and the global one.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Strategy

Strategic management is a multidimensional concept that cannot be defined in a few words and attempts have been made to define it by identifying certain aspects in varying ways and dimensions. Johnson and Scholes (2004) view strategy as a unifying pattern of decisions to help define the purpose of the organisation, and creation of competitive advantage over others hence helping to position the organization within its wider external environment. They add that strategic management is the direction and scope of an organization over the long-term, which achieves advantage for the organization through configuration of resources within a changing environment, to meet the needs of markets and fulfil stakeholder's expectations.

Mintzberg (1994) defines strategy as a pattern in a stream of decisions and actions of an organization. He defines strategy from a 5Ps approach: a plan. ploy, pattern, position and perspective. As a plan, strategy specifies consciously an intended course of action, as a ploy it is a specific manoeuvre intended to outwit competition, as a pattern strategy emerges in a stream of actions over time, as a position strategy is a means to locating an organization in its environment and finally as a perspective strategy gives the organization an identity that reveals how people locate and perceive it.

Viewed from a task perspective. Thompson& Strickland (1989), Irwin (1995), outlined five tasks in the strategic management process; Developing a strategic Vision and Mission.

Setting objectives, Crafting a Strategy, Implementing the Strategy and Evaluating Performance and Initiating Corrective Adjustments. Kazmi(2002), Machuki(2006) note that as a process strategic management consists of different phases which are sequential in nature, namely strategic intent, formulation, implementation, evaluation & control. This division is intended for orderly study as in real life situations the activities are interlinked and intertwined depending on the nature of strategy, size of organization and environmental factors faced by a particular organization.

2.2 Strategic Management

Pearce and Robinson (1991) define Strategic Management as a set of decisions and • actions that result in the formulation and implementation of plans designed to achieve a company's objectives. They add that strategic management involves the planning, directing, organizing and controlling of a company's strategy-related decisions and actions that reflect a company's awareness of how, when, and where it should compete, against whom it should compete and for what purpose it should compete.

Irwin (1995) views strategy as consisting of competitive moves and business approaches to produce successful performance. The author adds that it is a management game plan for running the business, strengthening firm's competitive position, satisfying customers and achieving performance targets. Strategic management is therefore about continual success, competition, long term growth and competitive advantage brought about by making right choices and implementing them effectively and efficiently. Strategic management is a process through which organizations analyze both their internal and external environment, establish their desired position, create appropriate strategies and execute them. Thus, it can be said that strategy is a unifying theme that gives coherence and direction to t]ie actions and decisions of an organization. It guides an organization to superior performance by helping it establish competitive advantage.

Theoretically, strategic management process involves understanding the strategic position of an organization, making strategic choices for the future and turning strategy into action (Johnson & Scholes 2004). This can also looked at as strategic analysis, choice and implementation. Porter (1980) noted that strategic analysis is an element in the strategic management process that assesses the impact of the external environment, organization capability and stakeholders expectations It is concerned with understanding the different forces affecting the organization, and its choice of strategies. Notable tools for this analysis include SWOT. PESTEL and Porter's five forces Model (Porter 1980). Based on the results of the analysis carried out. a firm establishes its strategic position. Formal evaluation will enable organizations to select appropriate strategies. Johnson and Scholes (2004) on Strategic choice state that it involves understanding the underlying bases for future strategy at both the corporate and business unit level and.the options for developing strategy in terms of both the directions and methods of development. The final choice will be influenced by several factors at play at the evaluation stage. Strategy implementation is the translation of strategy into action. It entails institutionalization and operationalization of strategies and managing the ensuing change. Implementation involves creating fits between the way things are done and what it takes for effective strategy execution, executing strategy proficiently and efficiently, producing excellent results in timely manner and creating fits between strategy and organizational capabilities, reward structure, internal support systems and organizational culture (Irwin. 1995).

Thompson & Strickland (1989) define strategy formulation as the management function of establishing organization direction, setting objectives and devising a managerial game plan for organization to pursue. Formulation is entrepreneurial and includes venturing and risk taking. There are two major approaches to strategy formulation namely Planned (Deliberate. Design) and Emergent (process). The planning mode is strategy formulation that is deliberate and proactive, involving conscious planning ahead and is an outcome of formal and deliberate effort. Ansoff (1984). Porter (1980) look at the planned change from a design perspective, viewing strategy development as the deliberate positioning of the organization through a rational analytical structure and directive process.

The emergent approach to strategy views strategy formulation as a continuous open ended and unpredictable process of aligning and realigning an organization to its changing environment. It recognizes the need for organizations to align their internal practices to the external conditions. Lindlom (1958), Mintzberg (1973) noted that strategy formulation is reactive, a process characterized by "muddling through" in what is referred to as adaptive approach. The view is emphasised by Mintzberg (1994) who asserts that realized strategy in organizations is a combination of both planned and emergent approaches. He noted that organizations start with planned strategies but environmental conditions interfere leading to dropping off some of the initial strategies and adopting some new strategies along the way to yield a combination of both approaches. Thus strategy is constantly adjusted with time. Irwin (1995) states that a firm's actual strategy is a blend of deliberate and purposeful actions "intended strategy" as needed reactions to unanticipated developments and fresh competitive pressures. "Unintended strategy". Formality in organizations is influenced by size, complexity extend of diversity and geographical dispersion and tends to suit organizations that are large, complex and wide geographical dispersion. Planned approach to strategy formulation (Lindlom. 1958) emphasizes more on control and may be suitable in organizations operating in fairly steady environments, while deliberate strategies are suitable for organizations in competitive and turbulent environments. Scholars acknowledge that both approaches have their strengths and weaknesses and success of each or a combination of both must take into account the contextual environment in which the firm is operating.

Johnson and Scholes (2004) observe that strategies exist at a number of levels in organizations and it is possible to distinguish at least three different ones namely corporate, business and functional levels. In some organizations a fourth level referred to as operational exists but it is very similar to the functional level.

Corporate level strategy deals mainly with the conceptual and overall purpose and scope of the organizations. At this level top level management and directors have to define what business they are in, the grand strategies that need to be adopted in the long term. The decision making process at this level is therefore broad based taking into account the overall mission and vision of the organization, how it needs to be structured, the procurement and allocation of resources to the different units and satisfying expectations of the different stakeholders. Machuki (2005) notes that decisions at this level are characterized by greater risk cost and profit potential, greater need for flexibility and need for entrepreneurial*and visionary approach.

The second level commonly referred to as business unity strategy deals with how to compete successfully in a particular market(Johnson and Scholes.2004). At this level are both business and corporate managers who must translate the corporate statements and intent into concrete objectives and strategies for individual divisions or strategic business units (SBUs) (Pearce and Robinson. 1991). Business unit manager are expected to formulate and implement strategies in line with the overall corporate strategic direction within the framework of resource availability. The key emphasis at this level is to create competitive advantage by building competences within the organization that will take advantage of new opportunities in specific market, respond to industry, the economy and the overall economic environment aimed at achieving superior returns. It is at this middle ground level that organizations are able to link the corporate strategy to the functional strategy, levelling out and resolving issues that may arise as bottlenecks at strategy implementation.

Johnson and Scholes (2004) note the third level of strategy as the functional level that is mainly concerned with the operational aspects of strategy. At this level the managers are concerned with how the component parts of the organization deliver effectively the corporate and business level strategies in terms of resources, processes and people. Managers develop annual objectives and short term objectives in different functional areas like production, finance, research and development, marketing, human resources etc. Great emphasis here is on "doing things right" thus implementing the firms corporate and business strategies both efficiently and effectively within the given resources. Functional strategies represent an attempt to operationalize grand strategy by providing details on how the functional areas will be run in the short term. It is at this level that organizations experience strategy in action.

2.3 **Strategy Implementation**

Strategy implementation is the process through which strategy is translated into action and results are achieved. It is acting on what has to be done internally to put the chosen strategy into place and actually achieve the targeted results. Strategy implementation is a process by which management translate strategies and policies into action through the development of programs, budgets and procedures. It is administrative, looking for workable approaches to executing strategy and getting people to accomplish 'heir jobs in a strategy supportive manner. Thompson and Strickland (1989) lends voice to the fact that strategy implementation includes the full range of managerial activities associated with putting a chosen strategy into place, supervising its pursuit and achieving the targeted results.

According to Irwin (1995) strategy implementation is an internal, operations driven activity involving organizing, budgeting, motivating, culture building, supervising, and leading to "make the strategy work". Pettigrew (1988) Pearce and Robison (1997) and Lynch (2000) add that implementation includes aspects of who will be responsible for the implementation, the most suitable organizational structure to support the strategy and the relevant systems needed by the organisation to track and monitor the progress. Thompson and Strickland (1989) noted that the cornerstone of strategy implementation is "building an organisation capable of earning out the strategy successfully.

Implementation is usually interference with the status quo. this interferences need to be managed in order to re-establish the organisation. According to Ansoff and McDoneil (1990). Implementation exhibits its own resistance which can invalidate the planning efforts. Aosa (1992) observed that good strategies are of no value unless they are effectively implemented and translated into action. Awino (2000) and Muthuiya (2004) Machuki (2005) and Ochanda (2005) have identified some of the challenges that organisations face as lack of tight fits between strategy and organizations' structure, capabilities, culture and reward systems.

There is growing interest in an attempt to understand why many well formulated strategies fail and the subsequent challenges facing organizations. Stoner et al(2001) note that the field is so new that there is no consensus about its dimension while Hrebiniak (2005) recognizes that there is too much talk about planning and formulation and little on implementation. Strategy implementation will therefore continue to attract attention because it plays a central role in the overall success of organizations today be they small or big. profit or non profit making and even government institutions worldwide.

2.4 Elements of Effective Strategic Implementation

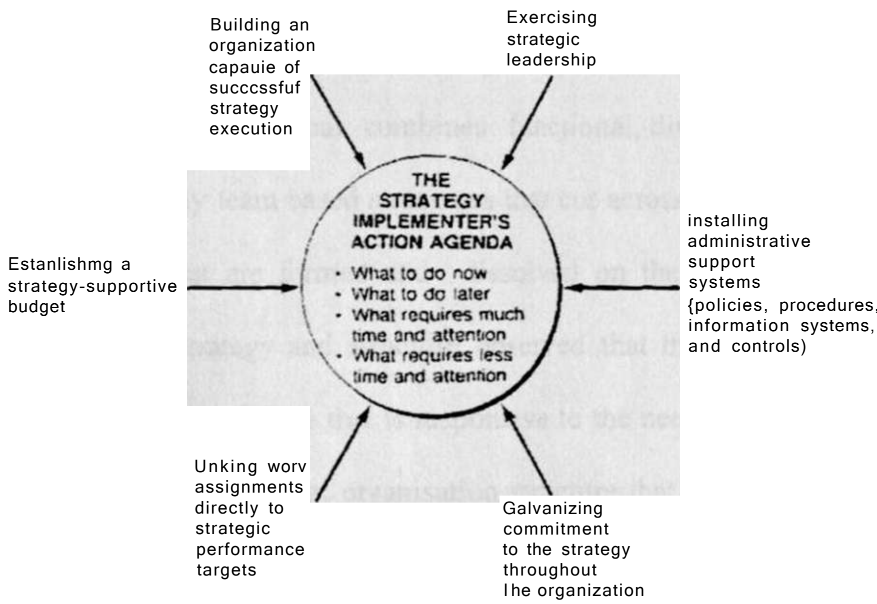
Strategy implementation has a multiplicity of tasks that need to be performed right from the top to every unit of the organization making the job of the strategy implementer very complex and time consuming. There is the overriding need to align the organization's internal processes with the strategy. To achieve this, the strategy implementer must unite all units and ensure that they share a common vision in bringing about the necessary changes.

Thomson and Strickland (1989) observe that strategy implementation has to be custom-tailored to the organization taking into account the organization's setting. However irrespective of the nature size and type of organization certain common elements in the strategy implementation process have been identified in organizations that were more successful in their implementation. The emphasis of each of these elements is determined by the amount of strategic change involved.

Aosa (1992) classified these elements into two broad categories namely structure and process. He noted that structure incorporates leadership, culture, resources and other administrative procedures. Pearce and Robinson (1991) noted four organization elements that are fundamental means of institutionalisation of the firms strategy, structure, leadership, culture, and rewards. Irwin (1995) adds to this observation by stating that strategy implementation includes building a firm capable of carrying out strategy successfully, allocating ample resources to strategy critical activities, establishing strategy supportive policies, instituting best practices and programs for continuous improvement, installing support systems, tying reward structure to achievement of results, creating a strategy supportive corporate culture and exerting strategic leadership. Thompson and Strickland (1989) define these elements as key tasks captured in the figure below. They include strategic leadership, building organization capacity (people and systems) availing the financial resources, motivating employees and linking work to strategic performance targets.

Figure **1: Implementing strategy: The Key Tasks**

FIGURE 9-1
Implementing Strategy: The Key Tasks



Source: Adapted from Thompson A...A.Jr and Strickland. A...J.**III.,** (1989), **Strategy Formulation and Implementation: Tasks of the General Manager** 4th Edition. BPI IRWIN p.264

Structure in organizations refers to the formal framework by which tasks are organized and coordinated (Robin and Coulter, 2002). It is the basic way the firm's different activities are firganised to achieve efficiency and effectiveness Pearce & Robinson (1991), Johnson and Scholes (2004) identified five structural types. The five types include simple structure that is controlled by individuals, typical of small size operations, functional structures with a Chief Executive Officer (CEO) with prime activity centred in areas like Finance. Marketing, Production and others below him. geographical structure that would have functional structure at the headquarters plus geographical managers in different regions, divisional/strategic business unit structure that have some level of autonomy but reporting to corporate office, matrix structure usually for large complex organizations that combines functional, divisional as well as geographic structures and finally team based structures that cut across functions as well as project based structures that are formed and dissolved on the basis of specific projects. Chandler (1962) on strategy and structure observed that there is a need for building an internal organization structure that is responsive to the needs of the strategy. Drucker (1974) observed that the simplest organisation structure that will do the job is considered the best one. The structural design of a firm has to have clear key activities needed to produce key results.

According to Learned et al (1969), leadership refers to the role to provide the necessary motivation and demonstrate management values of the strategy traits that are critical to successful strategy implementation. Pearce and Robinson (1991) content that the CEO is the symbol of the new strategy, his role is both symbolic and substantive. The leadership task entails putting internal support systems for entrepreneurial innovation, dealing with internal politics and power in order gain the support of key people, co opt or neutralize opposition andTesistance (Lack of compatibility between strategy and culture can lead to high resistance). The leadership style adopted in implementing strategy will be wholly dependent on the firm's specific situation. Table 1 captures different styles, advantages and short falls of each approach.

Table 1: Comparison of Change Methods

Method	Applicability	Advantage	Shortcomings
Coercive	• High urgency	• Speed	• High resistance
Adaptive Crisis	• Low urgency	• Low resistance	• Slow
	• Survival threat	• Low resistance	• Extreme time pressure
Managed resistance			• Failure risk
	• Medium urgency • Recurrent discontinuities	• Low resistance • Tailored to time • Comprehensive capability change	• Complexity

Source: Adapted from Ansoff. H. I. and McDonnell,.E. (1990), **Implanting Strategic Management second** edition, (New Jersey, Prentice Hall).p 434

Thomson and Strickland (2003) state that whatever the circumstances effective leadership will reflect attributes that include; staying on top of what is happening through close monitoring, promoting a culture of ***esprit de corps*** (mobilising employees) and motivating them to high performance levels, keeping the organization responsive to changing conditions (learning organisation), exercising ethical leadership thus do what you say and taking timely corrective action when change is apparent-

Robinson and Coulter (2002) defined culture as the fundamental values, beliefs, attitudes and patterns of people in which a firm operates. It is a system of shared meaning and beliefs held by organizational members that determines how they act. Aosa (1992) looks at organisation culture as that which must be compatible with strategy as lack of compatibility between strategy and culture can lead to high resistance. Culture can be seen as a double edged sword in organizations in that it can help in rallying employees to either support the strategy or derail it. Sathe (1983) argued that culture guides the actions of organization members without the need for detailed instructions to discuss how to approach particular issues or problems. He adds that an organization culture facilitates the mode of communication, decision-making,-control, company relationships as well how the organization relates to the external environment.

Top management is responsible for creating a lofty inspirational vision that will generate enthusiasm among all employees through sincere and sustained commitment coupled with persistence and reinforcement of those values, through word and deed. Managerial action to modify corporate culture should be both symbolic and substansive through visible actions and signals of management seriousness and commitment to the new strategy. Further, the strategy implementer must therefore ensure that strategy is always in line with culture to avoid what is commonly referred to as "this is how things have been done here" resistance.

Resources. David (2003) can be defined as both material and human that an organisation has at its disposal for implementing the strategy. They include financial, physical human and technical. Thompson (1990). Tregue and Tobia (1991) observed that a strategy is presumed to be realistic if the required resources are available. The allocation represents management commitment to the plan of action. Aosa (1992) has talked about allocation of resources as the availing of material and human resources required for the strategy implementation. Pearce and Robinson (1988) have seen the annual budget as the main vehicle for resource allocation. Thompson and Strickland (1989) on linking the budget with strategy mean providing enough of the right people and funds. Too little will not be enough and too much is waste. Implementing teams must be deeply involved in the budget process with such budgets being flexible enough to take into account evolving changes. Taylor (1986) contents that there should be staff development programs to build capacity, reward and incentive systems and performance evaluation program that will motivate and identify capability gaps. In a survey carried on firms in the United States of America (USA), Lusterman (1988) established that training enhances strategy implementation.

Learned et all (1969), Thompson (1990) note that Administrative procedures need to be adequately in place to facilitate smooth operationalization of the strategy. A successful strategy implementation requires that the organization's administrative elements have a strategy supportive structure, a supportive budget, competent employees in right jobs, well laid down performance targets, internal supportive administrative systems, and visionary leadership that motivates and manages the change process in a conducive innovative and responsive work environment. Thompson and Strickland (1989) aptly capture the key administrative elements that need to be in place for a successful operationalization of strategy summarised in table 2.

Table 2: The Administrative Components of Strategy- Implementation

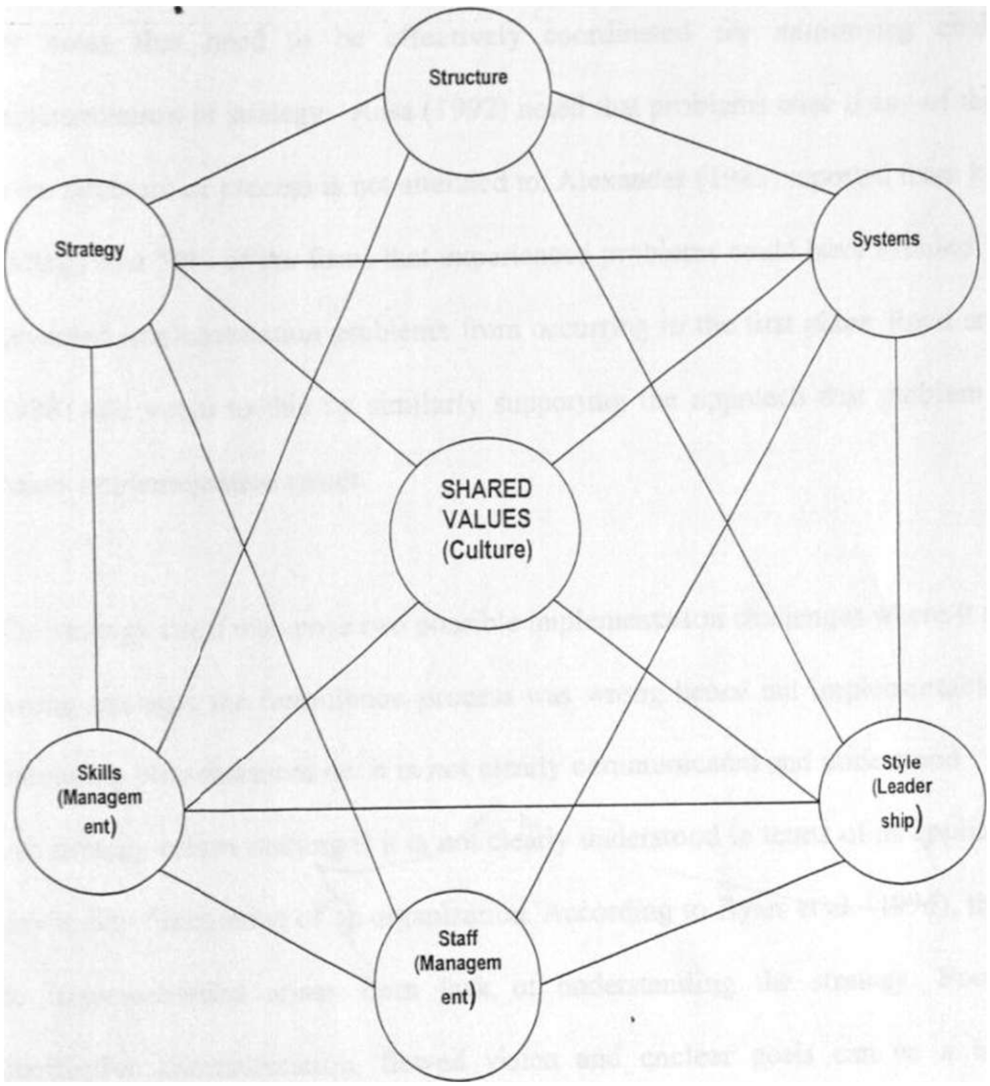
JILDING AN R.GANISATION \PABLE OF \RRYING OUT "RATEGIC .AN	ESTABLISHING A STIUTEGY SUPPORTING BUDGET	LINKING WORK ASSIGNMENTS DIRECTLY TO STRATEGIC PERFORMANCE TARGETS	GALVANISING ORGANISATION WIDE COMMITMENT TO THE CHOSEN STRATEGIC PLAN	INSTALLING INTERNAL ADMINISTRATIVE SUPPORT SYSTEMS	EXERCISING STRATEGIC LEADERSHII
>ecific tasks: Developing a strateg>' — supportive organization structure. Building and nurturing the skills and distinctive competence upon which strategy is grounded. Selecting people for key positions.	Specific tasks: I. Seeing that each educational unit has the budget to carry out its part of the strategic plan. 2. Ensuring that resources are used efficiently to get "the biggest bang for the buck."	Specific tasks: 1. Defining work assignments in terms of what is to be accomplished. not just in terms of what duties are to be performed. 2. Insisting that "doing a good job" means "achieving the target objectives."	Specific tasks: 1. Motivating organizational units and individuals to accomplish strategy. 2. Creating a strategy-supportive work environment and corporate culture. J. Promoting a results orientation and a spirit of high performance. 4. Keeping the reward structure tightly linked to strategic performance and the achievement of target objettives.	Specific tasks: 1. Establishing and administering strategy-facilitating policies and procedures. 2. Generating the right strategic information on a timely basis. 3. Instituting internal "controls" to keep the organization on its strategic course. 4. Creating "fits" between strategy and the various internal ways of doing things.	Specific tasks 1. Leading process shaping values. moulding culture a energizing strategy accomplisl ent. 2. Keeping organizatic innovative responsive and opportunis 3. Dealing vv the polit of strate coping w power struggles a of build consensus. 4. Initiating corrective actions improve strategy execution.

Source: Adapted from Thompson A..A.Jr and Strickland. A..J.III., (1989), **Strategy Formulation and Implementation: Tasks of the General Manager** 4th Edition. BPI IRWIN p.264

Pearce and Robinson (1991) state that process is the translation of strategic thought into action involving the following important steps: identifying measurable, mutually determined annual objectives, developing specific functional strategies, developing and communicating concise policies to guide decisions and allocating resources. Annual objectives transform grand strategy into shorter operational strategies. The objectives are specific, have a shorter time frame and are measurable whereas functional strategies are the short term activities that a functional area within a firm must undertake as part of strategy implementation. Cohen and Cyert (1973), Pearce and Robinson (1988) and Thompson (1990) observed that functional strategies derive from the grand strategy of the firm. Clearly they represent an attempt to operationalize grand strategy by providing details on how the functional areas will run in the short run.

Pearce and Robinson (1991) indicate that policies are directives designed to guide the thinking, decisions and actions of the managers including all those involved in the strategy implementation. It is clear then that policies establish indirect control over actions and provide uniform handling of activities. Effective policies therefore channel actions, behaviour and practices towards accomplishment of the strategy. Pearce and Robinson (1991) demonstrate the Mckinsey 7-S Framework of critical elements for successful strategy implementation through structure, leadership and culture. This framework besides others provides a basis of understanding some of the challenges and problems organizations encounter in their strategy implementation.

Figure 2: The Mckinsev 7-S Framework



Source: Adapted from Thomas J.Peters and Robert H .Waterman, Jr., In Search of Excellence, (New York: Harper & Row. 1982),p. 11.

2.5 Challenges/ Problems in Strategy' Implementation

The McKnisey 7-S Framework shown above provides a powerful tool that captures the key areas that need to be effectively coordinated for minimising challenges in implementation of strategy. Aosa (1992) noted that problems arise if any of the elements in the structure or process is not attended to. Alexander (1985) reported from his research findings that 50% of the firms that experienced problems could have avoided if they had prevented implementation problems from occurring in the first place. Reed and Buckley (1988) add voice to this by similarly supporting the approach that problem avoidance makes implementation easier.

The strategy itself may pose two possible implementation challenges where it may be the wrong strategy, the formulation process was wrong hence not implementable under the prevailing circumstances or it is not clearly communicated and understood . A well laid out strategy means nothing if it is not clearly understood in terms of its application in the day to day functioning of an organisation. According to Byars et al. (1996). the challenge to implementation arises from lack of understanding the strategy. Poor planning, ineffective communication, flawed vision and unclear goals can be a hindrance to strategy implementation.

Leadership as indicated in the McKinsey framework plays a central role in strategy implementation and if not properly managed poses challenges. Since organizations need people to bring about the necessary changes strategy implementation therefore requires the assembling of a capable team with the right skills. Pearce and Robinson (2001) note that the chief executive together with key managers must have skills, personalities, education and experience to execute the strategy. This may mean utilising current executives or hire new personnel from outside for implementing strategy. While this sound theoretically easy, in practise it poses really challenges. More often organizations realise that due to internal power structure and organization politics, selection of competent staff is compromised. Bringing in outsiders has its own challenges that may even lead to resistance and exit of critical staff required for the implementation process.

Pearce and Robinson (1991) highlight motivating and controlling senior personnel in strategy execution are accomplished through a firm's reward system. While there has been more focus on supervisory employees, current trends indicate that the reward system should be an all inclusive approach so that the whole organization is motivated towards the strategy execution. The reward mechanism can be both positive and negative, (success is celebrated while there are consequences for failures) as well as short term or long term. The reward can be in the form of bonuses, promotions, incentives, recognition or any other perks based on the firm cultural setting. Lack of a well thought out and properly managed reward and compensation systems in an organisation can result in demotivated staff, subdued strategic thinking and even exit of unhappy employees from the organisation. .After assembling a capable team and putting them in required positions, organizations have to ensure that the team develop the required skills to cope with changes within and without the environment.

Hence another challenge to strategy implementation arises if an organisation does not create a learning environment where employees' intellect, creativity, innovation and entrepreneurshfp are encouraged. In learning organizations people are encouraged to expand their capacity to create the results they truly desire, they are continually discovering how to create reality and how to change it. Employees are allowed to experiment and make mistakes in an atmosphere of shared vision and participatory approach of management. This requires creating a balance between controlling and facilitating individual talent, a situation that many strategic managers find difficulties in attaining.

An organisation's cultural setting can either facilitate or hinder successful strategy implementation. Bumes (2004) in his studies on culture, power, politics and change notes that when an organization environment is changing rapidly situations will arise when its culture is out of step with the changes taking place. Cultural change poses major challenges as strategy managers have to manage the power politics that arise as a result of attempting to change the status quo within the organization. Wang (2000) observed that change poses a threat to continuity and security. Aosa (1992) notes that lack of compatibility of strategy and culture can lead to resistance to change and' frustrate strategy implementation efforts. No one particular method can be prescribed for successful alignment of culture to strategy in an organization. Cultural change will be influenced by the size, age. structure, resources available, and the magnitude of change required.

Ansoff and McDonell (1990) noted the common tendency by organizations to plan and attempt to implement change without creating the internal capacity to handle the same. This results in incompetence within the organization in coping with the anticipated change creating what is commonly referred to as systemic resistance to change. Systemic resistance pauses strategy implementation challenge when strategic aggressiveness and capacity are mismatched, when capacity development lags behind the development of strategy or whenever the components of capacity are mismatched to one another. Many organizations develop the strategy followed by changes in the systems and finally follow this up by behaviour changes. Ansoff and McDonnell (1990) observe that this results in the highest level resistance to strategy implementation and content that a motivating sequence is one where organizations start with behaviour change followed by systems and finally strategy. It is important to note that insufficient administrative support systems in the way of policy procedures, information systems that provide feedback and control will inhibit strategy implementation. Top management must therefore provide whole hearted support in terms of capacity and employee training to align the systems towards the desired strategic action.

Pearce and Robins (1991) indicates that successful strategy implementation depends in large part on the firm's primary organizational structure. Chandler (1962) in his research findings found that the choice of a new strategy results in new administrative problems leading to a decline in performance. Firms are then forced to shift the structure more in line with the strategy needs to achieve an improved strategy execution. However many-organizations today embark on new strategies without first evaluating the capacity of the current structure leading to a strategy-structure misfit. Information technology has also permeated the traditional organization structure significantly posing new challenges to the controls and reporting relationships between managers and employees.

Other observations on implementation challenges are Aosa (1992) who noted that organizations faced challenges that included; uncontrollable factors in the external environment, implementation took too long, unforeseen obstacles that surfaced at implementation time, competing activities, key implementation tasks were not well defined, resources made available were not adequate, and coordination was not effective. Machuki (2005) noted that implementation challenges arose from inadequate communication and training, non involvement of strategy implementers in the formulation process, structure, culture, processes & procedures and reward systems that were not aligned to strategy. Finally, today's managers are faced with delivering results in the shortest time possible, this short-term goals may lead to selfish decision making by managers who may wish to see immediate results against long term strategic plans by the organization. The challenge therefore is finding the correct balance of achieving both shorterm and long term goals. Despite the challenges faced many MNCs organization today are highly successful, and continue to grow globally. The focus of this study is to identify the challenges from a Kenyan perspective how manufacturing firms have attempted to overcome them.

2.6 Responses to the Strategy Implementation Challenges

The Mckinsey 7-S framework provides an important inter-relationship that if properly aligned can lead to successful strategy implementation. To begin with the strategy must in itself pass test of being suitable, acceptable and achievable. A strategy that is clearly defined and communicated to all relevant parts of the organization can receive commitment arid minimize resistance.

According to Hasbison and Meves (1959) high managerial involvement in strategic development are essential for successful implementation. Visionary leadership that creates a learning environment and empowers employees will motivate them towards achieving the desired results. The leadership has to have skills that will balance the different political and cultural inclinations and focus them towards achieving the results. Employees need to be involved as far as is possible in the strategy formulation, they need to be equipped through training to acquire the necessary skills.

rhe whole area of staff management must receive the very important attention it deserves as it is through people that successful implementation can be achieved. Strategy managers need to be trained in strategic management, organizations need to position managers with strategic mentality in power, reward and incentive systems must be focused on the strategy while taking into account the working environment and the labour market. Thompson and Strickland (2003) observe that recruiting and retaining people with the needed experience, skills and intellectual capital are a sure way of successful strategy implementation.

When organization leadership encourages free and fast information flow, there develops a culture of co-operation and commitment as people understand where the organization is going. When corporate culture is aligned to strategy, people tend to rally behind the strategy leading to minimal resistance. Desired culture must flow from the top and if need be new employees can be brought in from outside to change and align culture to the desires strategy. It is therefore important that corporate culture is influenced towards strategy for effactive implementation.

Today's information age requires that communication is speedily transmitted internally, up and down as well as disseminating information from outside the organization. Despite the information overload that organizations experience today, it has been noted that continuous communication enhances strategy implementation. Organizations need to invest in appropriate information systems that will provide feedback on progress for corrective action to be taken within reasonable time.

It is important to note that a new strategy may not necessarily fit in a current organization structure. Therefore the structure needs to be aligned to fit the new strategy. Thompson and Strickland (1989) note the need to have the following important fits in place. He gives the examples of fit between strategy and internal organization structures, fit between strategy and allocation of budgets, fit between strategy and organization systems of rewards and incentives, fit between strategy and internal policies, practices & procedures and fit between strategy and internal organization atmosphere (culture or values, beliefs).This view is supported by Aosa (1992) when he noted that a strategy is likely to succeed when there is congruence between the elements of culture, resource allocation, staff competences, policies and procedures.

This study focused on determining the key challenges MNCs in manufacturing industries in Kenya face and how they are responding to these challenges. It seeks to update prior studies that have been done in the past. Aosa (1992) as well as provide additional knowledge in this area of study with specific emphasises on MNCs in manufacturing industry in Kenya.

Contemporary studies on strategic implementation have not specifically covered MNCs in the industry given the fast changing and competitive environment. The Mckinisey 7-S framework was used as a basis of determining the challenges and the corresponding responses by the firms under study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research was a census surv ey of the MNCs in Kenya, which was meant to determine the key challenges MNCs in the manufacturing sector encounter in Kenya in implementing their organisational strategies and to establish how MNCs are responding to the challenges in strategy implementation. Churchill (1991) agrees that this is an appropriate form of study, especially when the objective of the research is to gain insights into ideas, which is applicable in this case and whenever the population is small.

3.2 Population of the Study

The target population included all manufacturing MNCs in Kenya. According to Ministry of Trade and Industry statistics for the year 2005, there were 2.069 registered manufacturing firms in Kenya. Using additional data from Kenya Association of Manufacturers (KAM 2007 Directory), 32 of these firms were determined to be MNCs. The study was a census, which is feasible whenever the population is small and. it is practical to survey the whole population. Census gives results representative of the population compared to sampling in this study.

3.3 Data Collection Method

The study used primary data, which was collected using a questionnaire containing both structured and unstructured questions (see appendix II). The questionnaire was divided into five sections. Section A captured information about general characteristics of the firm. Section B dealt with response to strategy implementation challenges. Section C addressed the organisational leadership style and management support. Section D captured the human resource practices and skills and finally Section E captured the critical challenges facing the organization. The basic data collection method was through the "drop and pick later' technique. This is an approach that was successively used by Abdullahi (2000). Responses were sought from senior managers who have been in the industry for at least five years. These were Chief Executive Officer (CEOs) or heads of departments. The length of time in the organization is important in that it ensures that the respondents are well versed with their organizations and the changes in the industry.

3.4 Data Analysis

Once the responses were received, the questionnaires were edited for completeness and consistency before processing. Data was largely measured on the likert scale. The analyzed data was presented in frequencies and percentages, which was represented in tables, bar charts and pie charts, where applicable.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter gives a detailed analysis of the data collected and presents the findings. The data has been analyzed and presented in form of frequency tables, percentages and charts. Findings in this chapter have tried to fulfil the objectives of this study.

4.2 Organization Profile

This section provides a profile of the organizations involved in the study. This data was obtained from questionnaires that were filled in by the respondents. This section contains ownership structure of the organization, years in operation, number of branches in Kenya and total number of staff as at December 2006. This section intended to identify the nature of the organizations that were involved in the study.

4.2.1 Ownership of the Organization

.An organization can either be owned by foreigners or locals or both. The nature of ownership would determine the operations of the organization. In this section respondents were asked to indicate organizations' ownership from a list of two categories provided. Table 3 below summarizes the results as pertains to ownership.

Table 3: Ownership of the organization

Ownership	Frequency	Percent
Wholly foreign	15	71.4
Jointly owned	6	28.6
Total	21	100.0

Source: Research Data

Table 3 shows that 71.4% of the companies involved in the survey were wholly foreign owned while 28.6% were jointly owned by foreign parent company and local shareholding. It can be concluded that majority of these companies were foreign owned.

4.2.2 Years of Operation in the country

The number of years in operation is crucial since a company is in a position to recount the challenges in the industry according to the length of time it has been in the organization. This section sought to find out the length of time the manufacturing company had been in operation in the country.

Table 4: Years in Operation in the Country

Number of Years	Frequency	Percent
11-15 years	1	4.8
16-20 years	1	4.8
Over 21 years	19	90.5
Total	21	100.0

Source: Research Data

Most of the companies involved in the study comprising of 90.5% had been in operation in the country for over 21 years, 4.8% had been in operation for 11 to 15 years while another 4.8% had been in operation for 16 to 20 years. From these findings it can be seen that most of these companies had been well exposed in their respective industries over time to know the challenges present encountered.

4.23 Number of Branches in Kenya

The number of branches of a company has a bearing on its concentration. This in turn shows the firm's distribution network for its products. The researcher chose to use number of branches to determine the concentration of the company's activities. Respondents were asked to state the number of branches that the company had. The results are summarized in the table below.

Table 5: Number of Branches in Kenya

Number	Frequency	Percent
1	16	76.2
2	1	4.8
j	3	14.3
4 and above	1	4.8
Total	21	100.0

Source: Research Data

Table 5 shows that most of the companies involved in the study comprising of 76.2% of the total population had only one branch, 14.3% had three branches, while 4.8% had either four or more branches. These findings with many companies having only one branch may be attributed to the fact that most of them were manufacturing companies and one location for manufacturing products was ideal rather than having many plants.

4.2.4 Size: Number of Employees

The number of employees has a bearing on the size of an organization. This in turn has a bearing on a firm's wealth and resource availability for growth and development of products. The researcher chose to use number of employees as a measure of size. Respondents were provided with a list of employee numbers to choose from. The results are summarized in the table below.

Table 6: Number of Employees

Number	Frequency	Percentage
1-200	14	67.0
201-400	3	14.0
401-600	1	5.0
Over 800	i	14.0
Total	21	100.0

Source: Research Data

Most of the companies comprising of 67% of the total population had a range of employees from 1 to 200, 14% had a range of employees from 201 to 400. On the other hand 14% of the companies surveyed had over 800 employees while only 5% had 401 to 600 employees. These findings show that most of these companies were employing seasonal and non permanent employees and outsourcing some of the non core services.

4.3 Challenges in Strategy Implementation in MNCs

Organizations face various challenges and threats in their pursuit to implement strategies. The respondents were asked to rate the extent of the factors listed in the table below on how they affected the organization in implementation of strategy.

Table 7: Challenges in Strategy Implementation

Challenges	Very great extent		Great extent		Moderate extent		Less extent		No extent	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Implementation taking more time than originally allocated	1	4.8	9	42.9	4	19.0	7	33.3	0	0
Major obstacles surfacing during implementation	1	4.8	4	19.0	13	61.9	3	14.3	0	0
Inadequate communication of strategy to employees	4	19.0	4	19.0	4	19.0	8	38.1	1	4.8
Capabilities of employees involved being inadequate	2	9.5	7	33.3	4	19.0	4	19.0	4	19.0
Slow acceptance of new strategy by stakeholders	2	9.5	4	19.0	12	57.1	1	4.8	2	9.5
Resources made available being inadequate	2	9.5	2	9.5	5	23.8	9	42.9	j	14.3
Monitoring, planning, co-coordinating and sharing of responsibilities not being well defined	3	14.3	6	28.6	5	23.8	3	14.3	4	19.0
Lack of focus and ability on the new strategy	1	4.8	6	28.6	8	38.1	3	14.3	3	14.3
Competing activities and crisis distracting attention from implementation of decisions	1	4.8	8	38.1	5	23.8	j*	14.3	4	19.0
Uncontrollable factors in the external environment	0	0	5	23.8	6	28.6	5	23.8	5	23.8
Inadequate training of staff	0	0	2	9.5	5	23.8	12	57.1	I	4.8
Lnsupportive organization structure	0	0	5	23.8	4	19.0	8	38.1	4	19.0
Inadequate training of staff	1	4.8	6	28.6	6	28.6	6	28.6	2	9.5
Leadership and direction provided by departments not being adequate	3	14.3	1	4.8	12	57.1	1	4.8	4	19.0
Information systems used to monitor implementation being inadequate	1	4.8	4	19.0	7	33.3	2	9.5	7	33.3
Key formulators of strategic decisions did not play an active role in implementation	3	14.3	3	14.3	4	19.0	7	33.3	4	19.0
Advocates and supporters of strategic decisions left during implementation	4		3	14.3	5	23.8	6	28.6	7	33.3

Source: Research Data

There are various threats in the implementation of strategy and the above is some of the challenges. It can be noted that all these factors either affected the organization moderately or to a large extent. Those that affected the organization moderately include: implementation taking more time than originally allocated, major obstacles surfacing during implemtfitation, slow acceptance of new strategy by stakeholders, inadequate communication of strategy to employees, monitoring, planning, coordinating and sharing of responsibilities not being well defined and lack of focus and ability on the new strategy. Those affected the organizations involved in the study to a small extent include inadequate training of staff and advocates and supporters of strategic decisions leaving during implantation process. There was no significant variation in the responses by the participants.

From table 7 above results it is clear that MNCs Kenya incorporate the key elements in their strategy implementation. In regard to strategy, leadership and system these factors did not pose implementation challenges while staffing/skill management, organisational structure posed moderate challenge to the implementation. Uncontrollable factors in the external environment which included Government policy and infrastructure were seen to have a great strategy implementation challenges.

43.1 Nature of the Challenges Strategy Implementation

Challenges can affect an organization as whole or be specific to a department. The respondents were asked to state whether the challenges faced by the organization were unique to their departments or also affected other organizations. The results are as shown in the table 8.

Table 8: Nature of the Challenges Strategy Implementation

Nature	Frequency	Percent
Unique to the department	3	14.3
Apply to other departments	18	85.7
Total	21	100.0

Source: Research Data

It can be seen that majority of the respondents comprising of 85.7% confirmed that the challenges faced by the organization applied to all the departments while only 14.3% said that they were unique to their departments. On the other hand all the respondents agreed that these challenges were also widespread among other firms in the industry.

4.4 Organisational Response to Challenges in Strategy Implementation

Pearce and Robinson (1991) demonstrate the Mckinsey 7-S Framework of critical elements for successful strategy implementation through organisation structure, skills, staffing, administrative support system, strategy, leadership and culture. This framework besides others provides a basis of understanding some of the challenges and problems organizations encounter in their strategy implementation.

4.4.1 Strategy

A company's strategy-related decisions and actions reflect a company's awareness of how, when, and where it should compete, against whom it should compete and for what purpose it should compete. This part shows how various aspects of strategy are important to multinational companies.

Table 9: Elements of effective Strategic implementation

Strategy	Most Important		Fairly important		Important		Less important		Least important	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Referring to current corporate strategy	6	28.6	13	61.9	2	9.5	0	0	0	0
Current policies	9	42.9	8	38.1	1	4.8	3	14.3	0	0
Systems and procedures	5	23.8	9	42.9	5	23.8	2	9.5	0	0
Communication	8	38.1	4	19.0	7	j j.J	2	9.5	0	0
Design of company's projects	8	38.1	5	23.8	6	28.6	1	4.8	1	4.8
Employee training geared towards strategy implementation	9	42.9	9	42.9	2	9.5	1	4.8	0	0
Increase in staff training to enhance implementation of new strategies	7	33.3	9	42.9	5	23.8	0	0	0	0
Staff performance appraisal supporting strategy implementation	9	42.9	8	38.1	1	4.8	1	4.8	1	4.8
Reward policy of the company supporting strategy implementation	6	28.6	9	42.9	1	4.8	4	19.0	1	4.8

Source: Research Data

It can be seen from table 9 above that majority of the firms considered referring to current corporate strategy as being fairly important as shown by 61.9%, current policies were considered most important by 42.9% while 38.1% considered it to be fairly important in strategy implementation. Majority of the MNCs involved in the study considered communication, design of the company's projects, employee training and staff performance appraisals to be most important in strategy implementation. On the other hand systems and procedures and reward policy were fairly important in the implementation of strategy.

4.4.1.1 Presence of Formal Documented HR Strategies

Formal HR strategies are important to ensure that everyone is aware of them and therefore easy implementation of these strategies. There respondents were asked to state whether there had documented HR strategies and the processes that were in place to implement them.

Table 10: Presence of Formal Documented HR Strategies

Response rate	Frequency	Percent
Yes	19	90.5
No	2	9.5
Total	21	100.0

Source: Research Data

- Most companies involved in the study comprising of 90.5% had formal documented human resource strategies. On the other hand 9.5% of the companies involved in the survey did not have documented human resource strategies. The processes that had been in place to ensure implementation of these strategies include; audit, annual evaluations and reviews, scorecards and internal control procedures. Those include teams for specific implementation, bulletins and notices, feasibility studies, market outsourcing and training and following through proper channels of communication.

4.4.2 Shared values (Culture)

Cultural change poses major challenges as strategy managers have to manage the power politics that arise as a result of attempting to change the status quo within the organization. Wang (2000) observed that change poses a threat to continuity and security. Aosa (1992) notes that lack of compatibility of strategy and culture can lead to resistance to change and frustrate strategy implementation efforts. The table below indicates the organisational culture that support implementation of strategies documented in corporate strategies.

Table 11: Organisation Culture

Organisational Culture	**Very great extent**		Great extent		xModerate extent		Less extent		No extent	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Organization's culture that support implementation of strategies documented in corporate strategies	5	23.8	10	47.6	3	14.3	2	9.5	1	4.8

Source: Research Data

It can be seen from table 11 above indicate that Majority of the respondents comprising of 47.6% reported that organization's culture affected the implementation of strategy to a great extent.

4.4.2.1 Response on Shared Values (Culture)

Table 12: Response on Shared Values (Culture)

Shared values and culture	Frequency	Percent
Adhering to company's goals and vision	1	4.8
Being delighted everyday	2	9.5
Change of culture to align with new strategy	1	4.8
Culture change	1	4.8
Developing a culture that fits the organization strategy	1	4.8
Every staff aspiring to be the best	1	4.8
Higher ethics. ROI. value structure and international MNC culture	2	9.5
Honest\' and provision of timely and efficient products and services	1	4.8
Rennanassance is charged with promoting change in the way people carry out their activities	2	9.5
Strong cultural group values	1	4.8
Team work and innovation	2	9.5
Teamwork	1	4.8
Teamwork is strongly entrenched	1	4.8
The culture is global in perspective	2	9.5
Total	21	100.0

Source: Research Data

There are various ways in which shared values had changed for companies involved in the study in the implementation of new strategies. These include adhering to company's goals and vision, change of culture to align with new strategy, culture change to one that fits the organization strategy and higher ethics. Honesty and provision of timely and efficient products and services had also been adopted by some companies as well as team work and innovation. Some of the companies in the survey had a rallying theme around 'he strategic plan that would focus every employee in the organisation towards the desired strategio outcome.

4.4.3 Organisation Structure

Organizational structure should be such that it supports the strategy and the relevant systems needed by the organisation to track and monitor the progress. Thompson and Strickland (1989) noted that the cornerstone of strategy implementation is "building an organisation capable of carrying out the strategy successfully. This pan sought to find out how organizational structure influenced strategy implementation.

Table 13: Organisation Structure

Organisational Structure	Very great extent		Great extent		Moderate extent		Less extent		No extent	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Organization's structure that supports implementation of documented strategies in the master plan	7	33.3	12	57.1	1	4.8	0	0	0	0

Source: Research Data

It can be seen from table 13 that 33.3% of the respondents' organizational structure influence strategy implementation to a very large extent while 57.1% considered it to influence strategy implementation to a great extent.

4.4.3.1 Change in Organization's Structure

Change in organization's structure facilitates strategy implementation in an organization. This section asked respondents to state whether there had been a change in its organizational structure for the implementation of its current strategic plan. The results are as shown in the table 14.

Table 14: Change in Organization's Structure

Response rate	Frequency	Percent
Yes	20	95.2
No	1	4.8
Total	21	100.0

Source: Research Data

Most of the respondents comprising of 95.2% reported there had been an organizational change while 4.8% reported their organization had not. This shows that implementation of strategy had required these organizations to change their structure to ensure effective implementation of their strategy.

4.4.3.2 Response on Organization Structure

Table 15: Response on Organization Structure

Change in organizational structure	**Frequency**	**Percent**
.Aligned according to the parent company	1	4.8
Centrality in reporting	1	4.8
Change of organizational structure to support new strategy	1	4.8
Consolidation of policies within branches and across borders	2	9.5
Constantly embrace change	1	4.8
Flat line policy	2	9.5
Flat structure	j	14.3
Flexible bureaucracy	1	4.8
Organizational strategy implementation	1	4.8
Straight line structure	1	4.8
Straight line structure without too many levels of hierarchy	1	4.8
Strategies made at lead office	1	4.8
Structural changes are communicated to all employees	2	9.5
Structure changes with implementation of strategy	2	9.5
Total	21	100.0

Source: Research Data

There were various responses on the organizational structure change. These ranged from alignment with the parent company, centrality in reporting, consolidation of policies within branches and across borders, flat line policy and flexible bureaucracy. Other respondents also mentioned that strategies were made at head office and communicated to all employees.

4.4.4 Administrative Support Systems

Strategy implementation includes building up systems in the organization capable of carrying out strategy successfully, allocating ample resources to strategy critical activities, establishing strategy supportive policies, instituting best practices and programs for continuous improvement, installing support systems, tying reward to achievement of results. This section sought to find out the extent of various organizational systems in the implementation of strategy.

Table 16: Administrative Support Systems

Systems	**Very great extent**		**Great extent**		**Moderate extent**		Less extent		**No extent**	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Availability of resources	6	28.6	12	57.1	*j*	14.3	0	0	0	0
Ongoing projects	6	28.6	8	38.1	*5*	23.8	0	0	2	9.5
Presence of database of existing skills and experiences to support strategy implementation	8	38.1	7	33.3	4	19.0	2	9.5	0	0
Maintenance of finance management systems	14	66.7	4	19.0	j	14.3	0	0	0	0

Source: Research Data

Table 16 shows that availability of resources influenced strategy implementation to a great extent as reported by 57.1% of the respondents while 38.1% of the respondents reported that ongoing projects affected strategy implementation to a great extent. On the other hand 66.7% said that maintenance of finance management systems influenced implementation.of strategy to a very great extent while 38.1% of the respondents reported that presence of database of existing skills and experience supported strategy implementation to a very great extent.

4.4.4.1 Response on Administrative Support Systems

Table 17: Response on Administrative Support Systems

Administrative Support Systems	Frequency	Percent
Administrative issues handled professionally	1	4.8
Administrative resources are increased	2	9.5
Fully fledged with clear policies	1	4.8
Has major effects	1	4.8
Human resource department takes care of this	2	9.5
Incentives through staff motivation	2	9.5
Outsourcing non core functions	1	4.8
Outsourcing of non core but essential activities	2	9.5
Public concern stressed on by administration	1	4.8
Smaller revision of structural adjustment program for small markets	1	4.8
Staff welfare is a top consideration	1	4.8
There is enough support from the administration	1	4.8
These include IT systems and global source for all locations	2	9.5
Total	21	100.0

Source: Research Data

There are various administrative support systems that had been adopted to support implementation of new strategies. These include increasing administrative resources, fully fledged with clear policies, incentives and staff welfare programs for employee motivation. There was notable use of state of art technology and outsourcing of non core but essential activities. There is an increase use of customer care centres that provide valid feed back to the firms on product and service offered. This information is facilitating service improvement to the different stakeholders and product innovation.

4.4.5 Leadership style

Leadership refers to the role to provide the necessary motivation and demonstrate management values of the strategy traits that are critical to successful strategy implementation. The leadership style adopted in implementing strategy will be wholly dependent on the firm's specific situation. Table 18 captures different styles, and the extent to which they affect strategy implementation.

Table 18: Leadership style

Leadership style	Very great extent		Great extent		Moderate extent		Less extent		No extent	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Senior management providing leadership	10	47.6	7	33.3	4	19.0	0	0	0	0
Assessing competence of new employees	13	61.9	4	19.0	3	14.3	1	4.8	0	0
Staff technical skills needed to implement current strategic plans	8	38.1	8	38.1	3	14.3	2	9.5	0	0
Annual work plan that supports implementation of new strategies	10	47.6	6	28.6	2	9.5	3	14.3	0	0

Source: Research Data

Table 18 shows that 47.6% of the respondents reported that senior management provision of leadership affected strategy implementation to a very great extent. On the other hand 61.9% reported that management assessment of competence among new employees affects strategy implementation to a very great extent while 38.1% of the total population reported that staff technical skills affected strategy implementation to a very great extent. Majority of the respondents comprising of 47.6% of the total population reported that annual work plan affected strategy implementation to a very great extent while 28.6% reported that it affected strategy to a great extent.

4.4.5.1 Response on Leadership Style

Table 19 Response on Leadership Style

Leadership style	Frequency	Percent
Being leaders in innovation, customer service and market share	2	9.5
Customer service prioritized	1	4.8
Democratic and empowering staff	1	4.8
Has not been too good	1	4.8
Open door policy		38.1
Proper leadership for desired changes	1	4.8
Setting objectives at the corporate level and localizing them	1	4.8
Simplified action and team alignment	1	4.8
Team players made marketers	1	4.8
Teamwork		9.5
To be innovative in distribution of pharmaceutical products	1	4.8
Total	21	100.0

Source: Research Data

The main leadership style that had been adopted by most of the companies involved in the survey includes open door policy that encouraged strategy implementation in the organization. Other leadership styles include being leaders in innovation, customer service and market share, customer care prioritization, democratic and empowering staff and team playing. Respondents also mentioned proper leadership for desired changes, setting objectives at the corporate level and localizing them and simplified action.

4.4.6 Staff / Skills Management

Management of strategy implementation consists of different phases which are sequential in nature, namely strategic intent, formulation, implementation, evaluation & control. Staff/skills Management is also important to ensure timely and efficient implementation of strategy. Table 20 shows the staff management that are important in strategy implementation.

Table 20: Staff/Skills Management

Staff/Skills Management	**Very great extent**		**Great extent**		Moderate extent t		Less extent		No extent	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Staff Management	10	47.6	9	42.9	0	*0*	1	4.8	1	4.8
Recruitment policy	10	47.6	7	33.3	4	19.0	0	0	0	0

Source: Research Data

Table 20 shows that 47.6% of the respondents agreed that management of staff influenced implementation of strategy to a very great extent. 47.6% of the total population surveyed said that recruitment policy affected strategy implementation to very great extent.

4.4.6.1 Response on staffing policies

Table 21: Response on Staffing Policies

Staffing Policies	Frequency	Percent
Competence based	1	4.8
Employees are recruited according to qualifications	1	4.8
Equal opportunity to all applicants	2	9.5
Focus on customers and roles	1	4.8
Good remuneration to all employees and open employment policy	1	4.8
Has been an issue	1	4.8
Meritocratic- experience and on job training	1	4.8
Meritocratic	2	9.5
Recruitment is open to qualified applicants whenever an opportunity arises	1	4.8
Recruitment starts internally before sourcing from outside	1	4.8
Right people with the right skills	1	4.8
Seeking personnel according to knowledge and skill	1	4.8
Sourcing within the country	2	9.5
The strategy is to recruit and retain the best	2	9.5
Recruitment Through Agencies	1	4.8
Training	1	4.8
Total	21	100.0

Source: Research Data

With regard to staffing policies, respondents had varied responses. These ranged from staffing policies were competence based, employees recruited according to qualifications, equal opportunity to all applicants, good remuneration to all employees, open employment policy and ensuring that the organization has the right people with the right skills. Other respondents also said that the organization sought personnel according to knowledge and skill, sourcing within the country, and having a strategy to recruit and retain the best.

4.4.6.2 Response on Skills Development

Table 22: Response on Skills Development

Methods of Skills development	**Frequency**	**Percent**
Continuous training to ensure skills match strategy	1	4.8
Employees encouraged to seek more skills on organization's areas of weakness	1	4.8
Enhanced training	1	4.8
Every employee is mandated to do a personal development plan for the year	1	4.8
Identified through performance appraisals	1	4.8
Internships, internal training and seminars		9.5
Monitoring employees and career development	1	4.8
Multitasking and broader roles	1	4.8
Not too good	1	4.8
Regular training	1	4.8
Sponsored training internally	1	4.8
Sponsoring staff for regular training	2	9.5
Through training	2	9.5
Training of all	1	4.8
Training which is continuous	2	9.5
Total	21	100.0

Source: Research Data

The main method of skills development adopted by most of the companies involved in the study was training. This ranged from continuous training, enhanced training, regular training and internal training. Other ways of skills developed include, employees being mandated to do a personal development plan for the year, performance appraisals, internships, interregional cross training, multitasking and broader roles.

4.5 Suggested Organisational Response to Challenges in Strategy Implementation

The respondents were requested to give additional suggestions on how to avoid or minimise implementation challenges.

Table 23: Suggested Organisational Response to Challenges in Strategy-Implementation

Responses	Frequency	Percent
Change in foreign policies in incorporating locals to the ownership of the company	1	4.8
Government policy	4	19.0
Encourage people to learn and understand new ways of working	1	4.8
Good incentives to employees and work contracts	j	14.3
Involve all staff and introduce strategy gradually	2	9.5
Keeping strategies upfront	2	9.5
Plan schedules to accommodate implementation of strategy	1	4.8
Strategy development and implementation should involve all company workers	1	4.8
Constant internal training	1	4.8
Total	21	100.0

Source: Research Data

Suggested solutions to the challenges to strategy implementation had 19.0% of the respondents expressing an overwhelming desire for Government intervention in policy that would facilitate opportunities for MNCs in order to encourage additional investment in the country as many are currently downsizing their operations and moving to other more attractive locations. 4.8% by of the surveyed MNCs, indicated that parent company policies incorpcffate locals to the ownership of the company, encouraging people to leam and understand new ways of working, as well as attractive incentives to employees and 14.3%.indicated the need to have work contracts for the locals.

CHAPTER FIVE: SUMMARY CONCLUSION AND RECOMMENDATION

5.1 Introduction

Strategy implementation focuses on how chosen strategies are put into effect, and managing the required changes. The process is complex, time consuming and poses challenges to strategy implementers in organizations. This chapter provides a summary of the findings, conclusions and recommendations into the challenges of strategy implementation by multinational companies operating in Kenya.

5.2 Summary

The objectives of the study were to determine the key challenges MNCs in the manufacturing sector encounter in Kenya in implementing their organisational strategies and to establish how MNCs have gone about overcoming the challenges in strategy implementation. Data was collected using a semi-structured questionnaire and various measures including mean and standard deviation were used.

The findings indicate that majority of the firms involved in the study, 71.4% were wholly owned by foreign companies and had been in operation for over 21 years in Kenya. This therefore means that the response obtained was from firms that had been exposed in their respective industries for a long time. Most companies involved in the study comprising of 90.5% had formal documented human resource strategies. On the other hand 9.5% of the companies involved in the survey did not have documented human resource strategies.

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Most of the respondents comprising of 95.2% reported there had been an organizational change while 4.8% reported their organization had not. This shows that implementation of strategy had required these organizations to change their structure to ensure effective jnplementation of their strategy. The findings show that 33.3% of the respondents' organizational structure influence strategy implementation to a very large extent while 57.1 °o considered it to influence strategy implementation to a great extent.

The findings show that 47.6% of the respondents reported that senior management leadership style affected strategy implementation to a very great extent. On the other nand 61.9% reported that management assessment of competence among new employees affects strategy implementation to a very great extent while 38.1% of the total population reported that staff technical skills affected strategy implementation to a very great extent. The findings indicate that 47.6% of the respondents agreed that staff management influenced implementation of strategy to a very great extent. On the other hand 66.7% said that maintenance of finance management systems influenced implementation of strategy to a very great extent while 47.6% of the total population surveyed said that recruitment policy affected strategy implementatioh to very great extent.

It can be seen that majority of the respondents comprising of 85.7% confirmed that the challenges faced by the organization applied to all the departments while only 14.3% said that they were unique to their departments. On the other hand all the respondents agreed that these challenges were also widespread among other firms in the industry. It can be

^en that majority of the respondents comprising of 47.6% reported that organization's culture affected the implementation of strategy to a great extent.

The findings of the study show that there are various challenges in the implementation of strategy by MNCs and the most significant ones were; competition, high staff turnover, cultural restraint, political influence, fear of change, inadequate staffing, unsupportive government policy and poor infrastructure and inadequate funds to support strategy mplementation. The suggested solutions were a direct relation of the above and included: change in foreign policies by incorporating locals to the ownership of the company, ;onstant internal training, encouraging people to learn and understand new ways of vorking, good incentives to employees and work contracts.

53 Conclusions

Strategy implementation is by means of programs, budgets, and procedures. This involves organization of the firm's resources and motivation of the staff to achieve objectives. However implementation of strategy faces various challenges and one of them :s the way in which the strategy is implemented. In most cases different people from •jose who formulated the strategy do the implementation. For this reason, care must be taken to communicate the strategy and the reasoning behind it. Otherwise, the mplementation might not succeed if the strategy is misunderstood or if the affected parties resist its implementation because they do not understand why the particular strategy was selected (Thomson, 1996).

Strategy implementation therefore is an activity that embraces all of those actions that are necessary to put a strategy into practice. Whereas crafting strategy is largely an entrepreneurial activity, implementing strategy is primarily an internal administrative activity. Whereas strategy formulation entails heavy doses of visions, analysis, and entrepreneurial judgment, successful strategy implementation depends upon the skills of working through others, organizing, motivating, culture-building and creating strong fits between strategies and how organization does things. In detail this Implementation involves identification of the key tasks to be performed, allocation of these tasks to individuals (i.e. delegation), providing for, co-ordination of separated tasks, the design and installation of an appropriate management information system, the drawing up of a specific programme of action including a time schedule down to the system of comparing actual performance with those standards, and the design of a system of incentives, controls and penalties appropriate to the individual concerned and the tasks to be performed (Howe 1986).

Communication of the intended implementation of strategy to ail stakeholders is very important. This will ensure that the strategy is put into effect in all areas of the organization. Ingrained behaviour does not change just because a new strategy has been announced, hence the need to exercise exceptional leadership. Implementing strategy poses the tougher, more time-consuming management challenge. Practitioners are emphatic in saying that it is a whole lot easier to develop a sound strategic plan than it is to "make it happen"

5.4 Limitations of the Study

Every study inevitably encounters certain levels of limitations due to a variety of factors. Resource availability both in time and finances constrained researcher from travelling to locations outside the city. Respondents who were chief executives or senior managers are usually very busy hence the tendency not to give in-depth attention to the unstructured parts of the questionnaire.

Interviewing managers at this level in organization on strategy implementation is like asking them for a self evaluation, expected responses therefore are likely to be more positive than the true situation. Views from junior employees would have injected the necessary balance on the challenges and how the firms were responding to them.

5.5 Recommendations for Further Research

The researcher recommends that further study can be done in the following:

Future surveys of MNCs can incorporate interviewing other junior staff in these firms to give a more balanced view and perception of employees on how the key elements in strategy implementation are being managed. These employees are really the foot soldiers in these firms and may have better solutions to implementation challenges as they know where the problems lie and if enabled know how to fix them

Future studies should consider locally owned companies that have carried out strategy implementation successfully. These studies should find out the success factors in strategy

implementation. This can then be used by other firms that are carrying out strategy implementation to ensure they come out successful.

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APPENDIX I: LETTER OF INTRODUCTION

LETTER OF INTRODUCTION

Dear Respondent,

RE: DATA COLLECTION

This questionnaire is designed to gather information on **"STRATEGY IMPLEMENTATION CHALLENGES FACED BY MULTINATIONAL MANUFACTURING FIRMS BASED IN KENYA"** The study is being carried out for a management project paper as a partial fulfilment of the degree of School of Business University of Nairobi.

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

Your assistance in facilitating the same will be highly appreciated.

Thank you in advance.

Yours sincerely.

Resper Anyango

Student

Jackson Maalu

Supervisor

APPENDIX II: QUESTIONNAIRE

QUESTIONNAIRE

SECTION A: General Background

1. Name of the company:_

2. Year of Establishment:_

3. Position of the respondent in the organization

4. How long have you been with the organization?

- 1-15 years []
- 16-25 years []
- 26-35 years [ ]
- 36-45 years [ ]
- 45-55 years [ ]

5. Indicate areas of specialisation

6. How would you classify your firm concerning ownership?

- Wholly foreign owned [ ]
- Jointly owned [ ]

7. For how long has your company been operating in Kenya?

- 1 - 5 years [] 6-10 []
- 11-15 [ ] 16-20 [ ]
- Over 21 Years []

8. How many branches do you have in Kenya? State number. [ ]

9 What was your total number of Staff as at the end of December 2006?

• 1-200	[]	201-400	[]
. 401-600	[]	601 -800	[]
• Over 800	[ ]		

SECTION B

Response to Strategy implementation challenges

Research studies have shown that there are certain common elements found in organisations that were more successful in their strategy implementation. These elements include the organisation's structure, culture (shared values), leadership styles, staffing policies, skills development, administrative support systems and the strategy itself.

Please indicate how your firm has responded to the following while implementing new strategies.

1. Organisation structure

2 Leadership style

3. Staffing Policies

4. Skills development

5. Shared values (culture)

6. Administrative Support Systems

SECTION B

Organisational leadership style and Management Support

10. To what extent do you consider the following organizational leadership styles ind management affect your organisation? (Kindly tick the relevant box for each).

!= Not at all. 2= Less extent 3= Moderate. 4= Great Extent, 5= Very Great Extent.

	•		3	4	5
To what extent does, your company always refers to current corporate strategy *:ten planning t o executes its activities.					
To what extent does your company has annual work plan to support mpiementation of new strategy					
To what extent does the senior management team has been in the forefront in providing leadership to enable strategy implementation					
To what extent does the availability of resources required, (physical Financial and human facilities) support the implementation of the documented strategies.					
To what extent do the current policies adequately support the organisation's strategic plan?					
To what extent do the systems and procedures established by the organisation suppon strategy implementation					
To what extent do systems of communication that have been developed enhance access to information and support strategy implementation					
To what extent does the company maintain financial management systems to ensure proper utilization of funds .accountability, financial monitoring and					

;mcient reporting, all geared towards strategy implementation					
•hat extent are ongoing projects, continuously monitored and evaluated to jeatify gaps where new projects need to be developed					
~ what extent are the company's projects designed and implemented to deliver -Ku.ts and contribute to the outcome identified in the corporate strategy.					
To what extent does your organization's structure support implementation of the c.vumented strategies in the master plan?					
To A'hat extent does your organisational culture support implementation of irategies documented in the corporate strategies.					

: 1. There has been a change in the organisation structure since the launch of its current strategic plan.

- Yes [] No [ ]

SECTION D

Human Resource Practices and Skills

12. Does your company have formal documented HR STRATEGIES?

- Yes [ ] No [ ]

If yes. what processes do you have in place to implement them?

13. How important are the human resource practices and skills, to the strategy-implementation in your organisation? (Kindly tick the relevant box for each). As follows 1= Least important. 2= Less important 3= Important. 4= fairly important. 5= Most important

	1	2	3	4	5
Management staff (Directors, managers, supervisors) have the skills that enable successful strategy implementation					
Recruitment policy of your company supports the strategy implementation					
When recruiting new employees .Human Resource team assess the competence of personnel so that they are compatible with new strategy					
Employee training is geared towards strategy implementation					
Staff are given technical skills needed for implementing of current strategic plans.					

Since 2000, there has been an increase in staff training to enhance ability to implement new strategies.					
Staff performance appraisal system supports strategy implementation					
The reward policy of your company supports strategy implementation documented in the strategic plans.					
Your company has a database of existing skills and experiences established and is regularly updated in order to support strategy implementation					

14. What challenges do you face in HR strategy implementation?

15. What suggested solutions would you give top management to avoid, reduce or eliminate these challenges?

16. Give any other valuable comments on this subject that you think are relevant but not covered by the questionnaire.

SECTION B

- **Strategy Implementation Challenges**

17. Organisations today face various Challenges in their pursuit to implement strategies.

In your view how do you rate the level in which these challenges affect implementation of the documented strategies in your organisation, department. To what extent do you consider the following as a threat to your organization? (Kindly tick the relevant box for each). As follows 1= Not at all, 2= Less extent 3= Moderate. 4= Great Extent. 5= Very Great Extent.

Challenges	**1**	**2**	**3**	**4**	**5**
Implementation took more time than originally allocated					
Major obstacles surfaced during implementation that had not been identified before hand					
There was inadequate communication of the strategy to the staff					
Capabilities of employees involved were inadequate					
Slow acceptance of new strategy by stakeholders					
Resources made available were inadequate					
Monitoring, planning, co-ordinating and sharing of responsibilities was not well defined					
There was lack of focus and ability on the new strategy					
Competing activities and crisis distracted attention from					

implementing the decisions					
Uncontrollable factors in the external environment had adverse impact on implementation					
Inadequate training of staff					
Unsupportive organisation structure					
Inadequate co- ordination of implementation activities.					
Leadership and direction provided by departments were not adequate.					
Information systems used to monitor implementation were inadequate					
Key formulators of the strategic decisions did not play an active enough role in implementation					
Advocates and supporters of the strategic decisions left during implementation					
Others: specify					

18. Are most of these challenges unique to your department or to others as well? Please tick appropriately

- Unique to my department [ ]
- Apply to other departments [ ]

19. Are the strategic implementation challenges mentioned above widespread among other firms in your industry?

- Are widespread
- Are faced by only a few organisations

20. What suggestions would you give that would help other firms to avoid or minimise these strategy implementation challenges?

21. Please give any other comments you may have regarding the subject of this research.

THANK YOL FOR YOUR CO-OPERATION.

APPENDIX III: LIST OF COMPANIES INVOLVED IN THE STUDY

1. ATHI RIV£R MINING LTD
2. BAMBURI CEMENT LTD
3. BAT KENYA LIMITED
4. BOC KENYA LTD
5. COATES BROTHERS(EA)LTD
6. COCA COLA EAST AFRICA LTD
7. COLGATE PALMOLIVE
8. COOPER K LTD
9. DAWA PHARMACEUTICALS
10. EVEREADY KENYA
11. GENERAL MOTORS EAST AFRICA LTD
12. GLAXO SMITHKLINE KENYA LTD
13. JAMES FINLAY (KENYA) LIMITED
14. JOHNSON DIVERSELY
15. NESTLE FOODS
16. PROCTOR AND GAMBLE
17. SARA LEE (K) LTD
18. TETRA PAK LTD
19. UNILEVER (K) LTD
20. UNILIVER TEA KENYA LTD
21. WRJGLEY COMPANY (EA) LTD