

**CHALLENGES OF STRATEGY IMPLEMENTATION IN THE OFFICE OF
AUDITOR GENERAL OF KENYA**

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2016

DECLARATION

I hereby declare that this research project is my original work and has not been presented to any other university.

Sign:.....

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D61/60487/2011

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

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.

DEDICATION

This research project is dedicated to my son George Koigi and my daughter Sharon
Monyangi. My you achieve more!

ACKNOWLEDGEMENTS

I thank God for His abundant grace this far. I sincerely thank my supervisor Dr. J. N. Kagwe for his advice and constructive corrections and support towards this Project.

To my parents, family and siblings, I sincerely thank them for their moral and financial support.

May God bless you all.

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ABBREVIATIONS AND ACRONYMS

ACCA	Association of Chartered Certified Accountants
KENAO	Kenya National Audit Office
NAO	National Audit Office
OAG	Office of the Auditor General
RBV	Resource Based View
TOC	Theory of change
UK	United Kingdom

ABSTRACT

Strategic plans play a critical role in determining institutional performance (Bryson & Alston, 2011). In order to successfully lead an institution, a strategic plan is essential as it orchestrates, coordinates and controls all the interdepartmental activities with the aim of achieving the set objectives strategic targets are crucial as they translate into the organizations survival, value and growth. The study aimed to assess Challenges of strategy implementation in the office of the Auditor General Kenya. The study adopted a case study design. The target population of the study were seven employees in the office of the Auditor General who were directors in various departments in the Office of Auditor General, who included Director one, Director two, Director three, Director four, Director, Corporate Service, Director (Specialized Audit) and Director (Quality Assurance/ Internal Audit). An interview guide was used to collect Primary data. Pilot testing of the instrument was performed by conducting the interviews to the three secretaries of the directors to check on validity and reliability of the research instrument. Content analysis proved appropriate for this study since it helped uncover the challenges of strategy implementation at the Office of Auditor General in Kenya based on the information collected through the interview guide from the respondents. Data collected was cleaned, validated, coded, summarized and presented in continuous narrative. The findings revealed that resistance to change, culture problems, insufficient acceptance by implementers; inadequate funding of activities; time constraints; logistic issues, bureaucracy, lack of stakeholder involvement, poor communication, lack of adequate staff, Inadequate implementation of Information communication technologies and slow integration process of the new ERP system and hence shortcoming in implementing strategies, delay and inadequate funding for audit operations hinder execution of strategy implementation process, delay in availing documents and responding to audit queries, inadequate staffing, lack of independence in utilization of available resources and biased performance management, slow implementation of policies, inadequate regulations and guidelines system; were the challenges of strategy implementation. The study recommends that a study should be on effectiveness of communication in strategy implementation in another sector or organization. Also an in-depth study on the lapses faced in the strategy execution in the Government owned organizations in Kenya. A similar study concerning the same topical issues addressed in this study should be studied on another population such as Parastatals and Independent commissions.

CHAPTER ONE: INTRODUCTION

1.1 Background

Strategic plans play a critical role in determining institutional performance (Bryson & Alston, 2011). In order to successfully lead an institution, a strategic plan is essential as it orchestrates, coordinates and controls all the interdepartmental activities with the aim of achieving the set objectives strategic targets are crucial as they translate into the organizations survival, value and growth (Bateman & Zeithamal, 1990; Perera & Peiró, 2012). However, it is one thing to make a strategic plan and it's a different thing to have it implemented. Institutions face numerous challenges when implementing strategic plans that have been formulated. This suggests that institutional performance is influenced by how effective an institution is at implementing its strategic plan. Messah and Mucai (2011) argue that the successful application of strategic plans may be hindered by: absence of managerial commitment to the implementation process, absence of enough finances, absence of favorable policy framework, and employee resistance.

A strategic plan is yielded through strategic planning. In the resource-based view (RBV), an organization comes up with a strategy through identification of major resources. The RBV theory emphasize on prior identification of the firm's essential resources and coming up with a strategy to outwit other firms. If key assets are valuable, scarce, incomparable, and non-interchangeable, they may capacitate a strategy for achieving competitive advantage (Barney, 1991). Theory of change (TOC) is a brilliant principle for strategists as it's a viable step by step through the channel from the necessity an entity is trying to deal with to the change it wants to accomplish. Thinking about the organizations theory of change at the beginning of a strategic review will assist the

employees and management to focus on the vision statement (Kail & Lumley, 2012). On the other hand, institutional theorist, Scott (2001) suggests that organizational actions and processes are driven by their actors in order to justify and plausibly explain their actions. Strategic planning processes are rationally accounted for by organizational actors and rooted in the normative and social context that motivates actors to seek legitimacy (Dacin, Oliver & Roy, 2007).

This study has been informed by the need to establish the challenges of strategy implementation at the Office of Auditor General in Kenya. The OAG office in Kenya has continuously prepared the strategic plans which currently recognizes the Auditor-Generals extended mandate and heightened expectations from the stakeholders. The purpose of the Strategic Plan is to set goals, sum up achievements and uplift future performance in accordance with the Kenyans expectations as per the current constitutional (OAG, 2012). However, the planned changes are not achieved. There is poor implementation of the strategic plans that leads to challenges such as late delivery of audit reports, which adversely affects the performance of the Office (Strategic Plan, 2012-2015).

Public auditing has become a catalyst for performance enhancement, advising not just the legislatures but accounting entities themselves how government funds are best spent. It improves the value for money and efficiency in public services. Public entity performance is usually verified by independent audit (ACCA Report, 2014). For instance, the UK the National Audit Office (NAO), the Audit Office of Wales, the Scotland Audit office and the Audit Office Northern Ireland carry out continuous, financial and compliance audits. They forward the audit reports to their respective parliamentary

public accounts committees. Public Auditing offices can boost risk management, identify early warning signals and advice on ways to improve value for money. For example, the NAO's audit of the Intercity West Coast franchise competition on its report highlighted to UK Parliament the events that led to the Department of Transport to make its decisions and this permitted legislators to hold it to account the chief executive officer for flaunting the procurement process within three months of completion of the assignment. (NAO Report, 2013). In Canada, the Comptroller General Office is an independent entity within the Treasury Board of Canada Secretariat. The Comptroller General is responsible for providing guidance and gives his opinion on financial management and reliance of internal audit function (ACCA Report, 2014).

1.1.1. The Concept of Strategy

Pearce and Robinson (2007) simplifies strategy as a firm's ploy resulting to imminent oriented activities to fit into the current volatile markets to realize the firm's goals. Strategic plans are a benchmarking tool for institutional processes and operations (Simerson, 2011). This is attributed to the fact that managers have to align institutional decisions and processes to those of the objectives of the institution. Based on this, institutions can make corrective decisions should firm operations deviate from whatever is outlined in the company's strategic plan. Strategic plan is yielded through strategic planning and becomes the master plan of the organization thereby yielding prescribing roles to the different units of the organization. The units become agents that implement the strategic plan and the various strategies (Lussier 2009).

Strategy Development involves pre-empting the incoming to build up required measures for molding and attaining that potential. Just like any other specialization, strategic

planning experts often make their activity in pseudoscientific language tailor made to glorify their effort and create customer confidence. In reality, strategy development processes is neither technical nor multifaceted. With modern, front-end support and the intermittent services of an outsourced facilitator, organizations can help develop and direct a continuing and successful scheduling program (Pearce & Robinson, 1994). Strategic planning can be described as the process whereby institutions: identify their vision, determine the mission statement for the organization, identify the core values that are entrenched with a workforce, and the strategic objectives of an institution (Abbass & Nelson, 2013). Strategic planning is a means for enhancing the present with regard to the anticipations of the preferred future potential. Strategic planning involves the institutional development of: the vision, the mission, the core values, and the strategic objectives (Pitt & Koufopoulos, 2012). A corporation's vision is what the corporation wants to achieve in the long run (Farhd & Karami, 2003).

Strategic planning enables institutions identify a common goal after which all employee effort will be geared towards the attainment of the common identified goal. A strategic plan is therefore a guide that directs an entity to achieve its vision. The plan has to be simple, documented, and comprehensible, based on the present situation, and time to implement it must be sufficient. It should be implemented bit by bit, otherwise problems may arise (Bryson & Alston, 2011). According to Oslen (2012) the strategic plan displays the values that employees for a particular institution have. The organization believes that through these common core values it can achieve its vision. He also stated that strategic objectives must be SMART (Specific, Measurable, Attainable, Relevant, and Time-bound).

Strategic plan brings together the whole organization. There are various models and tactics for strategy development. Strategy development is done depending on the typical characteristics of the organizations leadership, tradition, firm's complexity, firm size, planners' expertise etc. There is a collection of models for strategy development which includes objectives-based, subjects-based and situation based (Wulf, Meissner & Stubner, 2010).

1.1.2 Strategy Implementation

Strategy execution is the way in which a firm should bring up, use, and integrate organizational configuration, control systems, and way of life to implement strategies that create a cutting edge and a boost to performance (Mohamad, 2011). Strategic plan implementation plays a critical role in an institutions strategic planning process. It is only through strategic plan implementation that an institution can derive the benefits of strategic planning (Bryson & Alston, 2011). Empirical evidence suggests that for a strategic plan to be successful to an organization, its implementation process must be fully supported by the resources of the institution. Successful implementation of a strategic plan involves a combination of several factors (Abbass & Nelson, 2013).

Strategic plan implementation is influenced by both a structure and behavior of the organization (Pryor et al., 2007). When executing a new goal, it is important that all the functional units of an entity embrace team spirit and not disintegrated. There is need for departmental coordination as in, the sensitization of different units in the entire firm, in terms of communication and interdependence (Brinkschröder, 2014). Resource allocation is also key and as Lorange (1998) puts it, people are the most essential resource; and hence it's necessary for organizations to really use the expertise of their staffs

appropriately. The organization leadership must lead in counter checking the course and revising the progression so as to intercede when the assessment for the objective is lost and intervene in case additional resources are required. Communication is also essential and is very associated with strategy execution. Every staff of the entity must know the course the firm is anticipating to take and objectives too. They must also know the vision, thus the ideal state. Communication serves to bring team spirit among the staffs. Management task is to ensure real time communication is embraced among everyone in the organization (Brinkschröder, 2014).

Various researchers and scholars have conducted research studies which have sought to identify determinants of successful strategy implementation within institutions. For instance, Aaltonen and Ikavalko (2002) conducted a research strategy in Finland that highlighted the following as the factors that enable the successful execution of strategic plans: managerial support to the implementation of strategic plans, communication and the sharing of information, and change in managerial structure. The study further cites that there are various determinants that could result in a strategic plan not being implemented successfully. Yeh, Lee, and Pai (2012) also established that information technology goes along way in enhancing the successful implementation of a strategic plan.

1.1.3 Global Perspective of Auditing

Auditing is a foundation of good public sector management. Auditing provides unprejudiced and purposeful evaluations as to if public assets are utilized responsibly and effectively for desired results. Auditors help public sector entities attain answerability and integrity, improve operations while instilling self-assurance among citizens and

stakeholders. The public sector auditors' role supports the supremacy responsibilities of oversight, insight, and foresight. The audit function addresses whether public sector firms are working right as per the procedures and serves to fore see do away with corruption. Auditing assists decision-makers by giving an autonomous evaluation of public sector programs, procedures, activities and consequences. Prudence identifies modalities and emerging challenges. Auditors utilize tools such as financial audits, performance audits, investigations, and advisory services to realize these roles (Institute of Internal Auditors, 2012).

The public sector audit is mandated to assist public sector organizations convene taxpayers increasing anxiety for simplicity and answerability by offering oversight of supervision practices in key supremacy areas such as internal audit, financial stability, value and ethics, management, risk management, and others. Strong audit committees cultivate public trust and buoyancy in how organizations are directed and build up the independence and value of the internal audit activity (Institute of Internal Auditors, 2012).

1.1.4 The Office of the Auditor General in Kenya

The Controller and Auditor General's office in Kenya was first established on 1st June 1955 under Exchequer and Audit Act Cap 412. This was an Act of Parliament which provided for the control and management of public finances of Kenya and was consequently entrenched into the former constitution in 1963 under Section 105 of the Constitution. The Public Audit Act 2003 began operating on 9th January, 2004 and established the Kenya National Audit Office (KENAO) and the Kenya National Audit

Commission. The duty of the National Audit Commission was to approve the budget of KENAO and determine the remuneration and other terms of appointment of staff.

After the promulgation of the new Constitution on 27/8/2010, the Kenya National Audit was further split into two as per section 228 and section 229 Part 6 of financial officers and institution. Section 228 provides for the Controller of the Budget whose duties shall be to oversee the implementation of the budgets of the national and county Governments by authorizing withdrawals from the public funds. Further, section 229 of the current Constitution provides for the appointment of the Auditor General nominated by the President with the approval of the National Assembly whose duties shall be audit the accounts of national and country governments, the accounts of funds and authorities of National and County Governments, independent offices established by the Constitution, the accounts of all courts, the accounts of any entity that legislation requires Auditor General to audit, accounts of every commission, the Senate and County assemblies, accounts of National Assembly, and issue a report (<http://www.kenao.go.ke/>).

Currently, the Office of the Auditor General draws its mandate from the Constitution of Kenya. Chapter 12, Part 6, Article 229 establishes the Office of the Auditor General. Chapter 15, Article 248, Section 3 and Article 249, Section 2 (a) and (b) provides for the independence of the Office of the Auditor General. Other governing legislation includes the Public Audit Act of 2015 which provide for the functions and powers of the Office of the Auditor-General, according to the Kenya Constitution.

1.2. Research Problem

Strategic plans have become an integral part of all institutions, public auditing offices included. This is attributed to the fact that strategic plans outline the vision of the firm and how the firm can achieve its vision. Strategic plans enable institutions develop strategies that could enable them remain profitable despite existing within a corporate environment that is ever changing (Baldegger, 2012). According to Abdulkareem, Akinnubi and Oyeniran (2012) enhanced strategic plan implementation results in enhanced institutional operational efficiency.

The auditing offices across the world are playing a key role in oversight, insight, and foresight especially in the central Government. Severity has enhanced demand for more healthy and sustainable financial planning, supported by risk-based shortcomings over value for money cum affordability (ACCA Report, 2014). The Office of the Auditor-General (OAG) develops strategic plans to analyze the lapses in the Office, sum up achievements and boost potential performance and as guided by the Constitution. The OAG and her stakeholders participate in developing these plans. However, despite the laid down strategies and strategic plans, the planned changes are not achieved. From the Strategic Plan of the Period 2012-2015, OAG acknowledges challenges that heavily affected the competence and efficacy of the office operations (Strategic Plan, 2012-2015). There have also been challenges in service delivery stemming from how the undertaking of audits in public institutions is carried out, and late delivery of audit reports, which undermines the performance audit of the Office of the Auditor-General. These are key issues to be addressed.

Various studies have been carried out in the past on strategy implementation for instance Jooste and Fourie (2009) conducted a study on strategic leadership and effective strategy implementation in South Africa while Mohamad (2011) conducted a study on best practices in strategy implementation. In India, Ahuja and Khamba (2008) investigated the challenges in TPM implementation in manufacturing industry and established that there are challenges to successful strategy implementation in the organizations. Atkinson (2006) conducted a research study that highlighted challenges in strategy implementation.

In Kenya, Opiyo (2010) conducted a study on challenges of strategy implementation at I&M Bank Limited and identified a number of challenges; it is not as easy as planned and ends up taking longer than anticipated. Kimani (2011) did a study on factors influencing strategy formulation and enactment in Kenyan organizations; a case of Biblica Africa. The study identified such factors as: financial resources, personnel, technology, monitoring and controlling process during the adoption of strategic plans. This study was concentrated on factors that influence strategy formulation and implementation process and it was conducted in the private sector, therefore the findings cannot be generalized in the public sector. Sesi (2009) conducted a research study in Kenya which sought to examine the challenges that the Kenya Dairy Board faces as it implements its strategic plan. This study was in the dairy sector, which operates differently from the public sector. Githinji (2010) conducted a study on strategic planning practices at Kenya National Audit Office. This study only identified the strategic planning practices but did not establish the challenges affecting implementation of strategic plan.

None of this study looked at the challenges facing strategy implementation in the Office of Auditor General in Kenya. Bearing in mind that the current strategic plan (2012-2015)

at the Office of the Auditor-General (OAG) is coming to an end, there is need to establish the challenges that have affected the implementation of the strategies therein, in a bid to enhance improved strategic plan implementation from 2016. The study therefore seeks to determine the challenges facing strategy implementation in the OAG of Kenya. The study seeks to address this opening in knowledge through seeking an answer to the following question: What are the challenges to strategy implementation at the Office of Auditor General in Kenya?

1.3: Research Objective

The study objective was to determine the challenges of strategy implementation at the Office of Auditor General in Kenya.

1.4. Value of the Study

The study findings shall assist the OAG to clearly understand the probable challenges to strategy implementation. Management will be able to identify the key areas in which to focus while implementing strategies for optimum performance. The study will also demonstrate to the employees that they are important to successfully implement the strategies. It will demonstrate to them the key areas to watch out that may stifle the strategy implementation and make it fail.

The findings of this study may also be beneficial to the government of Kenya. Office of Auditor General being a public institution, the findings and recommendation from this study can be generalized to other public institutions through government directions. The government as the policy maker can press other public institutions to adopt the outlined best practices to enhance successful implementation of the strategies.

This study would be of significance to the existing body of knowledge on the challenges to strategy implementation. The study will provide secondary data to potential scholars and researchers on any relevant subject matter. They may as well establish the practical research gaps that may bring about interest in further research in future.

This chapter entails the study introduction, study background and statement of the problem which details the research problem that brought about this study. Included too are the study objectives plus the value of the study, which shows the beneficiaries of this research project. The next chapter presents literature review. It covers the theoretical review and empirical literature review.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter entails literature review. It entails various theories upon which the study is grounded and review of empirical literature related to challenges of strategy implementation. The chapter ends with a summary of the literature which points out the research gaps on the empirical studies reviewed.

2.2. Theoretical Foundation

This section covers a review of the theories that are relevant to strategy implementation. The theories discussed include: resource based theory, theory of change and institutional theory.

2.2.1. Resource-Based Theory

The theory was propounded Birge Wenefeldt in 1984. This is an avenue of assessing and determining an organization's competitive advantages pegged on evaluating its unique combination of both tangible and intangible resources in an organization. RBV theory's baseline is that firms are unique in either ways because of their unique resources. Every entity builds up competitive edge out of the unique resources, and if successful, these build up the firm's competitive advantage (Pearce & Robinson, 2007).

Utilizing firm capabilities and resources for a competitive edge can bring about a short-term competitive edge, a more essential feature to a good edge is the equal fit for internal capabilities and external changing circumstances (Hart, 1995). He, in addition, added that as firms become committed to available competency bases, they might not acquire the ability to conform to changing external circumstances. Therefore, the edge once being an

advantage can be rendered redundant and of no usefulness to the organization. Hart (1995) postulates that they will face numerous strategic shortcomings if they don't equalize their capabilities to the exceedingly competitive environment: experts in strategy need to be proactive in getting how environmentally oriented resources and capabilities can bring about high end competencies (Hart, 1995). For the sake and in regard to this research, it is clear that the capabilities that an organization owns have a role in the execution of strategy process. However good the strategies are, besides the needed capabilities to enhance the execution, they will be stuck in the planning process still.

2.2.2. Theory of Change

ToC entails a kind of tactic for developing, engagement, and assessment used in the charity, not-for-profit and government owned organizations to enhance change. The theory defines the vision and then details it reverse to establish the requirements (Brest, 2010).

The theory points to a path from necessities to the means to the end up to the end result. It highlights on the actual avenues to achievements. Theories of change additionally portray the assumptions that purpose various reasoning's. Theory of change brings out the activities of self-achievement and those that require team work; not forgetting the respective impacts (Clark & Taplin, 2012). ToC is focused on defining all of the necessary and enough requirements need for long term impacts (Kail & Lumley, 2012).

The theory is a good back up for strategy implementation. It considers different viewpoints of the publics, fundamental links, underneath evidence and it involves human minds to the activities required for goals achievement. Excellent strategies involve

weighing out options and only discounting an option based on indications (Kail & Lumley, 2012). For the research study, ToC provides a logical structure in which different avenues are evaluated and the evidence agreed upon. In the case of OAG, it will allow them to weigh out the relevance of these activities, and the capabilities required in order to ensure successful execution of strategy.

2.2.3. Institutional Theory

This theory evaluates the processes by which structures, rules, practices, and procedures, are established as guidelines for behavior (Scott, 2008). The various elements of the theory explain why they are adapted, subtle, embraced, adopted, and how they are later on declared useless. Institutional theory holds the view that entities survive in an institutional environment which dictates its social existence (Scott, 2008).

According to Zucker (1987); Scott (2008); there are two institutional approaches. The first is the surrounding as institution' focus that is tailored on diverse processes of imitation. The locus of institutionalization is placed outside the firm and dominated by state actors. In this context organizations are forced to adapt certain processes or standards due to institutional pressures. The second dimension is the organization as institution approach focusing on processes on the firm-level. The internal organizational structure is the source of institutionalization; the organization itself is a result of negotiation processes and groups of ideas. The second approach, 'organization as institution' is the one which gives explanatory power to strategic planning processes.

In this study, institutional theory is applicable in informing this study on the challenges of strategic plan implementation at the OAG. Office of Auditor General is the organization

within which strategic plan implementation is taking place and the organization has structures, rules, norms and routines. The institutional theory therefore points out the need to focus on the institutional factors that could influence strategy implementation in an organization.

2.3. Strategy Implementation

Hrebiniak (2005) has emphasized on the results of excellent strategy execution and the subsequent benefit. Hrebiniak study included four hundred managers and lead to the determination of factors to successful strategy enactment some of which included top management support; no guidelines or a model to guide strategy- execution efforts; organization structure and strategy design; lack of accord during the introduction stage; lack of motivation and inadequate resources

Brannen's (2005) in his study, additionally emphasized that in order to improve strategy implementation certain elements must be resolved. These include and not limited to inadequate resources, communication breakdown, improper action plans, no accountabilities and also firm culture. Brannen's survey also brought about another factor of lack of engagement and empowerment to employees.

2.4 Empirical Studies and Knowledge Gaps

A study by Ahuja and Khamba (2008) on overcoming challenges in TPM implementation in Indian manufacturing industry established that there are challenges to successful strategy implementation. They identified them as: organizational culture, financial and operational barriers, and technological factors. Jooste and Fourie (2009) also found out that there are many barriers that reduce the success rate of strategy implementation

process. These barriers include: the lack of effective leadership to manage the strategic implementation process, organizational culture, and inadequate resources. Beer and Eisenstat's (2000) confirmed certain obstacles of strategy execution like a free style management; disengagement to employees and misplaced priorities; poor leadership; downward communication lapse; disengagement of departments, and other staffs; lack of leadership skills

Atkinson (2006) conducted a research study that highlighted the challenges that institutions face during strategy implementation. The findings revealed the following as the challenges of strategy implementation: communication and the lack of commitment by top management. This implies that there are various challenges that institutions face as they implement strategic plans. According to Mintzberg (1994), there can be no successful implementation of a strategic plan when an institution's management is not committed to implementation process. Institutional politics are cited as one of factors that may contribute to the lack of managerial commitment to the strategic plan implementation process. Another factor is when the strategic plan is designed to reduce the powers and responsibilities of management. Bryson (2011) argues that the lack of managerial support will result in the employees not also being committed to strategic plan implementation process. In addition, the lack of employee involvement during strategic plan formulation will result in challenges during the implementation process.

Another challenge that plagues the strategic plan implementation process is the lack of inflexibility within institutional and organizational strategic plans (Mintzberg, 1994). Corporations exist in ever changing environments and it is therefore a challenge for institutions to develop and design strategic plans that will enable adaptability to the ever

changing corporate environment. Mintzberg (1994) argues that plans are a hindrance to innovation and creativity. Consequently, an institution becomes limited in terms of capacity of meet the needs of its clientele when it adheres to the strategic plan. However, deviation from the strategic plan can enhance institutions adaptability to the corporate environment.

McNicol (2005) argues that the lack of effective communication during the formulation and implementation of strategic plans can result in the employees sabotaging the entire process. In addition, lack of employee involvement will result in de-motivation which in turn affects operational efficiency and performance. Sesi (2009) conducted a research study in Kenya which sought to examine the challenges that the Kenya Dairy Board faces as it implements its strategic plan. The study identified the following challenges: lack of adequate resources, externalities which affect the strategic plan implementation process, lack of favorable institutional policies and procedures, and the lack of tactical and operational plans.

Aaltonen and Ikavalko (2002) confirmed the role of leadership, emphasizing that they must be the models for staffs to follow in strategy implementation. On the other hand, Bartlett and Goshal (1996) found out that the leaders could misguide the staffs in some ways, rather than acting like a coach, mentorship, training, and guiding for embracing entrepreneurial characteristics. Such that if staffs do not fulfill their roles in strategy implementation, will be blamed for hands free attitude. He henceforth reiterated that strong leadership support is necessary for execution of strategies. This is essentially a must have in any other organization for strategy implementation.

According to Rapa and Kauffman (2005), top leaders need to offer maximum support in strategy execution. This commitment portrays and cultivates a positive attitude among the subordinates. Lares-Mankki (1994) in her study on top management and employee commitment in strategy execution established that engaging employee, role modelling, encouraging creativity, aiming at the organizational goal and providing support for employees, are very essential in strategy execution. Her findings indicated a very strong correlation between the two variables.

Aaltonen & Ikåvalko, (2002) talks of a key shortcoming in execution of strategy as organization culture. This pertains to how the organization conducts its activities, procedures, policies and rules. Corbooy and O'Corrbui (1999), however, established the venomous acts of strategy implementation as improper communication; lack of support from customers and staffs; difficulties and obstacles not acknowledged, recognized or acted upon; laxity in day to day operations . However, Marginson (2002), appreciates that strategy execution cuts across a process of embracing the involvement through an engaged decision-making, or as a result of making up a team for strategy implementation.

This covered the literature review. It entails the theoretical foundation, the empirical studies review and knowledge gaps identified. Under the theoretical foundation, the study discussed the resource based theory, theory of change and institutional theory. The empirical review section discusses past studies by other authors on the research objective and highlights the research gaps identified.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology that was adopted by the researcher in conducting the study. The chapter presents research design, target population, sampling technique, data collection instrument, and data analysis procedures.

3.2 Research Design

The study adopted a case study design. Mugenda & Mugenda (2003) defined a case study as a process or sequence of research in which detailed consideration is given to the development of a particular person, group, or situation over a period of time. Case studies seek to determine factors and relationships in the behavior under study.

Since this study deals with one organization, it was deemed necessary to use the case study design which ensured an analysis of the subject under study. The company under study is Office of Auditor General. The case study design was deemed appropriate since it enabled the researcher to capture the challenges to strategy implementation at the Office of Auditor General in Kenya.

3.3 Data Collection

Primary data was collected using an interview guide. The interview guide was deemed fit for the study since it facilitated in-depth research which yields richest data, details, and new insights. The interview guide also permitted face-to-face contact with respondents; provide opportunity to explore topics in depth and allow interviewer to explain or help clarify questions, increasing the likelihood of useful responses.

The interviews were conducted on 7 key respondents who are directors in various departments in the Office of Auditor General. They included all the seven directors in the Office of the Auditor General.

3.4 Data Analysis

Primary data collected through the interview guide was sorted, cleaned, coded and analyzed through content analysis method. Content analysis becomes a more powerful tool when combined with research methods such as interviews and recordings.

Content analysis was deemed appropriate for this study since it helped uncover the challenges of strategy implementation at the Office of Auditor General in Kenya based on the information collected through the interview guide from the respondents. The qualitative data was reported in narrative form. This chapter presented the study methodology that was adopted.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter entails primary data findings and discussions of the study as set out in the research methodology. The results are presented with regard to the challenges of strategy implementation at the Office of Auditor General as enumerated by the interviewees in the interview guide.

4.2 Demographic Information

4.2.1 Interviewees Age

The interviewees were requested to indicate their age bracket. Four interviewees indicated that they were aged above 50 years while 3 were aged between 35-45 years. This implied that the interviewees were mature in age to provide valid information on challenges of strategy implementation at the Office of Auditor General in Kenya.

4.2.2 Respondents Highest Level of Education

Interviewees were requested to indicate their highest level of education. From the findings, four interviewees indicated that they had masters as their highest level of education while three indicated that they had doctorate as their highest level of education. This implied that data was collected from individuals who understood the challenges facing strategy implementation at the Office of Auditor General.

4.2.3 Interviewees' Designation at Office of Auditor General

The interviewees were all of the position of directors in the Office of Auditor General. This implies that information on challenges affecting implementation of strategies was collected from respondents who had substantial work experience

4.2.4 Interviewees Length of Service in the Office of Auditor General

The study sought to investigate the duration over which the respondents had worked in the Office of Auditor General. Four of the interviewees indicated that they had worked in the OAG for 26 -30 years; two indicated that they had been working in the Office of Auditor General for 11-15 years and one indicated to have worked between 5-10 years. This implies that the interviewees had adequate experience to expressly state the challenges in the implementations of strategies when acting in their capacity.

4.3 Factors that Influence Strategy Implementation in the Office of Auditor General

The interviewees were requested to indicate factors that influence strategy implementation in the Office of Auditor General. From the findings, the seven interviewees indicated that strategy implementation in the Office of Auditor General was influenced by such factors as management style, accuracy of information and availability, uncertainty, firm management structure, the prevailing culture, human resources, and technology. One respondent further mentioned that the way activities are coordinated, process streamlining, organizational structure, and employee motivation are essential roles for leaders for successful strategy implementation.

4.4 Alignment of the Current Strategies with the Office of Auditor General

Objectives

Respondents were asked whether the current strategies being implemented were aligned to the objectives of the OAG. All the seven interviewees were in agreement that the current strategies being implemented at the OAG were aligned to the Office objectives. Interviewees further noted that the strategies are in the strategic plan which is based on five strategic goals. One interviewee further added that from the five strategic goals there

are strategic activities designed to drive the strategy. In addition, one interviewee also noted the strategies are aligned to the core business of the OAG. One other respondent explained that the office confirmed that the strategies implemented in the OAG is aligned to the objectives of the institution. Four of the respondents further listed the objectives of the OAG as to build up prompt and viable Audit reports; effective delivery of quality services to the public and sustainable management of resources; To promote and support good Governance and accountability in the public sector; To transform the organization for efficient and effective delivery of audit services; and to boost information and communication technology capacity and systems for efficient operations.

4.5 Whether the Strategies in the Office of Auditor General Specific, Measurable, Attainable, Relevant, and Time-Bound

The interviewees were requested to indicate whether strategies in the Office of Auditor General were specific, measurable, attainable, relevant, and time-bound. Four of the interviewees stated that the strategies were SMART, citing that, the strategic plan is supported by the implementation matrix and annual work plans which specifies the responsibilities of each member of staff, The strategies specifies what the office would like to achieve by stating that the office would like to do, for example to promote and support good Governance and accountability in the public sector. Another stated that they are based on outlined objectives and realizable achievements with timelines and tangible results. However, one interviewee noted that they are specific, attainable and relevant, but not measurable and time bound. The interviewee reiterated that objective one only talk of timeliness of Audit reports but does not indicate the time frame.

4.6 The Action Plans Put in place to Achieve the Documented Strategies by OAG

On this question, the interviewees indicated such action plans as; preparation of implementation matrix; preparation of departmental operational plan; monitoring, reviewing and evaluating the implementation operational plans with expected outputs annually; Staff with appropriate skills for audit, implementation of the strategy, designing of activities and follow up; Implementation of the Public Audit Act 2015; Good working environment e.g. improved facilities and tools for audit; monitoring and evaluation of Strategic plan and operating procedures; introduction of a performance management system to motivate staff; source for more resources, both financial and human; change management training; sensitizing all staff on the laid down strategies; formation of a directorate in strategic planning which is fully slated and operational; Regular engagement with stakeholders; and embracing an organizational culture which makes staff adaptive to change.

4.7 Whether there is Adequate Communication of the Strategies to Members of Staff in the Organization

On the aspect of adequate communication to employees all the interviewees were in agreement. However, one interviewee stated that Communication of strategies is done after the strategy is launched. Communication is done through emails; verbally through actual sensitization workshops and through printed hard copies. Another noted it is through the communication department and through training and emails. Another respondent noted that once the strategic plan has been launched all staff are sent emails with both copies of the strategic plan and implementation matrix explaining the purpose, use and expectation from individuals and staff. Four interviewees stated that the strategic

plan and operational plan are printed, then training and sensitization conducted and that participation of staff in preparation of Strategic Plan and Operational Plan is also done. All these imply that all the interviewees were in agreement that communication is always adequately done in the organization.

However, some of the interviewees further explained that the channel of communication used were not effective as it cause delays, the bureaucratic structures led to top down communication which sometime affect effective flow of information from top management to the staff implementing the strategies, while some noted employee's resistance to implementation of the strategies.

However, the respondents further indicated such issues as communication breakdown, complexity of procedures and rules that have to be followed leading to delay in flow of information on strategy implementation process and resistance to change, as some of the reasons for failures in strategy implementation. One of the interviewee indicated that inadequate communication with internal and external stakeholders was bringing about conflicts and mistrust in the Office of the Auditor-General and public hence less accountability in the management of public resources and service delivery.

4.8 Challenges Facing the Office of Auditor General in Implementation of Strategies

The interviewees indicated such challenges as resistance of change; culture problems; insufficient acceptance by implementers; inadequate funding to run all activities; time constraints; logistic issues, bureaucracy, lack of stakeholder involvement, poor communication, lack of adequate staff and the sensitivity of the audit work. The interviewees further stated that inadequate implementation of Information

communication technologies and slow integration process of the new ERP system and hence shortcoming in implementing strategies. The interviewees further indicated that delay and inadequate funding for audit operations hinder execution of strategy implementation process; delay in availing documents and responding to audit queries by the auditees, inadequate staffing, lack of independence in utilization of available resources and biased performance management.

4.9 Whether Resources Hinder Strategy Implementation in the Office of Auditor

General

On whether resources hindered strategies implementation at the Office of Auditor General, six of the interviewees were in agreement that resources hinder successful strategy implementation processes at the OAG. They cited such resources as financial, technological and human resources to be affecting successful strategy implementation process in the Auditor Office. An interviewee noted, that lack of adequate resources, and inadequate office space constrain OAG to implement all the programmes. Other interviewee cited that there is inadequate funding, explaining that in instances where the strategy requires a big budget like for example in ICT strategic implementation requirements. On the contrary one interviewee noted that at the present there has been support from the Government and other stakeholders in terms of staff motivation, capacity building, and increase in resources especially equipment.

4.10 Whether organization culture in the Office of Auditor General Hinder Strategy

Implementation

The study sought to find out whether the organization structure hindered implementation at Auditor General Office. Six of the interviewees were in agreement that organization

culture in the OAG hinder strategy implementation. The employees cited such issues as; employee resistance given that strategy implementation involves change, yet it's hard and involving to change organization culture. One interviewee noted that in the past there was no relationship between strategic plan and work plans. However, one interviewee indicated that organization culture do not hinder strategy implementation, by further emphasizing that OAG has put in place the specific departments responsible for strategic planning.

4.11 Whether Management Structure in the Office of Auditor General Hinder Strategic Plan Implementation

The interviewees were requested to indicate whether management structure in the office of Audit General hinder implementation of strategic plan. Four of the interviewees indicated that management structures at the office of the Auditor General hindered strategic plan implementation noting that the management had weak appraisal systems, lacked a performance management system, that they failed to Provide for coordination among the various departments and lack a monitoring and evaluation of the strategic plan implementation. However one of the interviewee noted that management structure is not a hindrance, citing the presence of specific departmental responsibilities while another interviewee was not sure whether management structure hindered strategic implementation process.

4.12 Practices/Measures that the Organization is Adopting to Successfully Implement Strategies

The interviewees were requested to indicate measures that the organization was adopting to implement strategies successfully. The interviewees indicated that the Auditor General

office was sourcing for more resources both financial and human; creation of departments whose main responsibility is to monitor the implementation and come up with strategies to ensure success; involving employees in strategy implementation decision making to reduce resistance; introduction of performance management system to motivate staff; taking officers for change management training to enable easier acceptance of change that come with new strategies; sensitization of all staff so that they could accept the strategy; Top management support; formation of a directorate of strategic planning fully stated and operational; preparation of operational plans annually and monitoring of Strategic Plan and Operational Plan.

4.13 Discussion of the Findings

The study revealed that strategy implementation in the Office of Auditor General was influenced by such factors as Coordination of activities, streamlining of processes, and staff motivation. This concurs with a study by Perera and Peiró, (2012) on Strategic planning in healthcare organizations, which confirmed that due to such reasons like resistance to change, organization structure, lack of resources and leadership style, successful implementation may not be realized.

The study revealed that the strategies are in the strategic plan which is based on five strategic goals; there are strategic activities designed to drive the strategy; and the strategies are aligned to the core business of the OAG; It confirms a study by Abbass and Nelson, (2013) on Strategic management: Formulation, implementation and control in a dynamic environment, who confirmed that to achieve goal alignment in the firm, first clearly communicate with the staffs on the objectives. Engage all the functions by ensuring that the leaders are fully engaged and this will eliminate conflicts and objections

from staffs. Additionally, many employee objectives are not entirely under the control of one individual. Let each individual prioritize own goals for engagement and shared answerability throughout the firm. This will help each employee get engaged in the implementation process without objections as well as establish areas that require team work.

The study found out that the strategic plans are supported by the implementation matrix and annual work plans which specifies the responsibilities of each member of staff, the strategies specifies what the office would like to achieve by stating that the office would like to do for example to promote and support good Governance and accountability in the public sector. And that they are based on outlined objectives and realizable achievements with timelines and tangible results. This concurs with a study by Brinkschröder (2014) on Strategy Implementation: Key Factors, Challenges and Solutions; who established that setting Smart goals is valuable for self-improvement and motivation.

The action plans put in place include; preparation of implementation matrix; preparation of departmental operational plan; monitoring, reviewing and evaluating the implementation operational plans with expected outputs annually; Staff with appropriate skills for audit, implementation of the strategy, designing of activities and follow up; Implementation of the Public Audit Act 2015; Good working environment e.g. improved facilities and tools for audit; monitoring and evaluation of Strategic plan and operating procedures; introduction of a performance management system to motivate staff; source for more resources, both financial and human; change management training; sensitizing all staff on the laid down strategies; formation of a directorate in strategic planning which is fully slated and operational; Regular engagement with stakeholders; and embracing an

organizational culture which makes staff adaptive to change. A study by Farhad, and Karami, (2003) on Strategic management in small and medium enterprises emphasized that organizations need to develop an overall, top-level action plan that depicts how each strategic goal will be reached.

After the strategy launch, Communication must be done. Communication is done through emails; verbally through actual sensitization workshops and through printed hard copies. It is through the communication department and through training and emails. Once the strategic plan has been launched all staff are sent emails with both copies of the strategic plan and implementation matrix explaining the purpose, use and expectation from individuals and staff. The strategic plan and operational plan are printed, then training and sensitization conducted and that participation of staff in preparation of Strategic Plan and Operational Plan is also done. This concurs with a study by Brinkschröder, (2014), on Strategy Implementation: Key Factors, Challenges and Solutions, who established that communication is key to the employees as this will enhance a thorough understanding of the strategy by everyone within the organization. Brest, (2010) in his study on the Power of Theories of Chang realized that corporations only do dubious communications to their employees.

Such challenges as resistance of change; culture problems; insufficient acceptance by implementers; inadequate funding to run all activities; time constraints; logistic issues, bureaucracy, lack of stakeholder involvement, poor communication, lack of adequate staff and the sensitivity of the audit work. Inadequate implementation of Information communication technologies and slow integration process of the new system ERP and fuel FACS allowed for control loading operation and hence shortcoming in implementing

strategies. Delay and inadequate funding for audit operations hinder execution of strategy implementation process; delay in availing documents and responding to audit queries by the auditees, inadequate staffing, lack of independence in utilization of available resources and biased performance management. This is in line with a study by Bryson (2011) on strengthening and sustaining organizational achievement in Strategic planning for public where he found out that key leaders must lead the talk and act as role models. Support from supervisors and team leaders is also viable prior to the strategy execution within the firm. Over time, the engagement will boost the percentage on successful implementation, leading to achievement in organizational goals and entire vision.

Such resources as financial, technological and human resources affect successful strategy implementation process in the Auditor Office. Lack of adequate resources and inadequate office space constrain OAG to implement all the programs. There is inadequate funding, explaining that in instances where the strategy requires a big budget like for example in ICT strategic implementation requirements. This concurs with a study by Bryson and Alston, (2011) on creating your Strategic Plan who emphasized that Strategic plans must be focused. They further reiterated that resource allocation is an organizational activity to enable strategy implementation. The actual value of capability realization is vested in the results of the firm objectives achieved.

On organization culture and strategy implementation employee resistance was cited given that strategy implementation involves change, yet it's hard and involving to change organization culture. In the past there was no relationship between strategic plan and work plans. This supports a study by Corboy and O'Corrbui (1999) on seven deadly sins

of strategy implementation, who advised that initiatives and goals are key to strategy implementation. However, some noted that organization culture do not hinder strategy implementation, by further emphasizing that OAG has put in place the specific departments responsible for strategic planning and this contradicts a study by Bryson (2011) on Strategic planning, found out that Without cultural alignment with strategy, the new strategy would likely fail.

Management structures at the office of the Auditor General hindered strategic plan implementation noting that the management had weak appraisal systems, lacked a performance management system, that they failed to Provide for coordination among the various departments and lack a monitoring and evaluation of the strategic plan implementation. However one noted that management structure is not a hindrance, citing the presence of specific departmental responsibilities. This concurs with a study by Dacin, Oliver and Roy, (2007) on the legitimacy of strategic alliances where they found out that a best fit organization structure is an uphill task to make.

The office of Auditor General was sourcing for more resources both financial and human; creation of departments whose main responsibility is to monitor the implementation and come up with strategies to ensure success; involving employees in strategy implementation decision making to reduce resistance; introduction of performance management system to motivate staff; taking officers for change management training to enable easier acceptance of change that come with new strategies; sensitization of all staff so that they could accept the strategy; Top management support; formation of a directorate of strategic planning fully stated and operational; preparation of operational plans annually and monitoring of Strategic Plan and Operational Plan. This is supported

by a study by Brinkschröder, (2014), on Strategy Implementation who found out the measurements that are valid include cost reduction, promptness, employee engagement and leadership style. The other parameters include need to portray and support the various strategies of the entity regardless of departments and structures. Such measurements provide room for continuous improvements and evaluations

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of interview findings and interpretations of the data analysis, conclusions and recommendations based on the findings. This research was to investigate the challenges facing strategy implementation at Office of Auditor General where seven respondents were interviewed and all of them fully responded.

5.2 Summary of the Findings

The Office of Auditor General faced such challenges as resistance to change; culture problems; insufficient acceptance by implementers; inadequate funding of activities; time constraints; logistic issues, bureaucracy, lack of stakeholder involvement, poor communication, lack of adequate staff and the sensitivity of the audit work. The study further established that inadequate implementation of Information communication technologies and slow integration process of the new ERP system and hence shortcoming in implementing strategies. Delay and inadequate funding for audit operations hinder execution of strategy implementation process, delay in availing documents and responding to audit queries by the auditees, inadequate staffing, lack of independence in utilization of available resources and biased performance management, were also cited as some of the challenges to strategy implementation in the OAG. The study also established that lack of sufficient resources curtailed execution of strategy implementation processes successfully. The study also found that inadequate financial resource allocation and staffing, inadequate implementation of Information communication technologies and slow integration process of the new ERP system, bureaucracy in the Office of the Auditor-General, delay including inadequate funding for

audit operations hinder execution of strategy implementation process, slow implementation of policies, inadequate regulations and guidelines system, delay in availing documents and responding to audit queries by the auditees, inadequate staffing, lack of independence in utilization of available funds and inadequate performance management were also challenges facing implementation of strategies at Auditor General Office.

5.3 Conclusions

The study concluded that resistance to change, culture problems, insufficient acceptance by implementers; inadequate funding of activities; time constraints; logistic issues, bureaucracy, lack of stakeholder involvement, poor communication, lack of adequate staff and the sensitivity of the audit work. Inadequate implementation of Information communication technologies and slow integration process of the new ERP system and hence shortcoming in implementing strategies. Delay and inadequate funding for audit operations hinder execution of strategy implementation process, delay in availing documents and responding to audit queries by the auditees, inadequate staffing, lack of independence in utilization of available resources and biased performance management, slow implementation of policies, inadequate regulations and guidelines system.

5.4 Limitations of the Study

The respondents were concerned about the extent to which the management might want them to volunteer information and relevant documentation without any repercussions. This was curtailed by using a letter of introduction from the university of Nairobi and providing the necessary assurances to the key respondents. this was an additional responsibility to the respondents who already had their overwhelming day to day duties.

Ample time was given to them before and during the interviews. Being a relatively new concept which deals with strategy implementation in the sensitive OAG, it faced numerous fears of victimization with top management having a tendency to be suspicious of researchers. However, they were reassured that this was purely for academic purposes only.

5.5 Recommendations

The study recommends that proper sensitization to staffs be done before strategy implementation, align strategies with the organization culture, direct engagement with the strategy implementers; proper and adequate funding of activities; enough time allocation; proper logistics, stakeholder involvement, effective and prompt communication, adequate staffing and the sensitivity of the audit work. Adequate implementation of Information communication technologies and prompt integration process of the new ERP system. Inadequate funding for audit operations hinder execution of strategy implementation process, prompt availing of documents and responding to audit queries by the auditees, independence in utilization of available resources and biased performance management, adequate regulations and guidelines system.

5.6 Area for Further Research

For further research, a study should be done on the effectiveness of communication in strategy implementation in another sector or organization. Also an in-depth study on the same topical issues addressed in this study should be studied on another population such as Parastatals.

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Appendix 1: Interview Guide for Directors in the Office of Auditor General

1. Indicate your age.....
2. Which is your highest level of education.....
3. What is your designation in the organization.....
4. How long have you worked in the Office of Auditor General.....
5. What are the factors/motivations that influence the preparation of strategy implementation in the Office of Auditor General in Kenya?
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6. Are the current strategies being implemented in the Office of Auditor General aligned to the objectives of the institution? Explain
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7. Are the strategies in the Office of Auditor General Specific, Measurable, Attainable, Relevant, and Time-bound? Explain
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8. To achieve the documented strategies in the organization, what action plans have you put in place? Explain
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9. Is there adequate communication of the strategies to members of staff in the organization? Explain

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10. Which kind of challenges does Office of Auditor General experience in the implementation of its strategies?

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11. Do resources hinder strategy implementation at the Office of Auditor General? Explain

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12. Does organization culture in the Office of Auditor General hinder strategy implementation?

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13. Does management structure in the Office of Auditor General hinder the strategic plan implementation?

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14. Which practices or measures is the organization adopting or putting in place to successfully implementation of the strategies?

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THANK YOU FOR YOUR PARTICIPATION